

CONFIDENTIAL

ITEM 540

BROWN HILL KESWICK CREEK – STORMWATER MANAGEMENT PROJECT

SUSPENSION OF MEETING PROCEDURES

The Acting Presiding Member advised that he thought the meeting would benefit from a short term suspension of meeting procedures, for up to 10 minutes, to allow discussion on this item.

Meeting procedures were suspended at 9.46pm.

Meeting procedures resumed at 9.15pm.

MOVED Councillor Hughes
SECONDED Councillor Hewitson

That:

1. The report be received.
2. The letter, and attachment, from the Auditor-General to the Mayor, dated 29 June 2016, outlining the scope of the Auditor-General's examination of the Brown Hill Keswick Creek Stormwater Management project, and associated key findings and recommendations, be received.
3. The draft letter from the Mayor and CEO to the Auditor-General, providing a response to his letter sent to the Mayor, dated 29 June 2016, related to the Brown Hill Keswick Creek Stormwater Management Plan Project, be endorsed by Council and subsequently forwarded to the Auditor-General.

CARRIED

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DECISION REPORT

REPORT TITLE: BROWN HILL KESWICK CREEK
STORMWATER MANAGEMENT PROJECT –
AUDITOR-GENERAL'S EXAMINATION

ITEM NUMBER: 540

DATE OF MEETING: 25 JULY 2016

AUTHOR: JOHN DEVINE

JOB TITLE: ACTING CHIEF EXECUTIVE OFFICER

1. EXECUTIVE SUMMARY

The Auditor-General's (AG) Department has completed an examination of the Brown Hill Keswick Creek project. The objective of this examination was to determine whether the BHKC project is being managed efficiently and cost effectively in regard to sound governance, administrative and financial arrangements.

During the examination there have been several conversations and exchanges of correspondence to assist with the completeness and accuracy of the review. However, as stated in the attached letter to the AG, many of the findings are still disputed and the examination does not clearly reflect the significant progress that has been achieved by the Project and the Councils over the past two years.

The AG has now provided a copy of his findings in a letter titled "Examination of the Brown Hill and Keswick Creeks Stormwater Management Project", dated 29 June 2016, to the Mayor of each catchment Council requesting comments by no later than 28 July 2016.

The Unley Administration has been working with the other four catchment Councils to prepare a response to the AG's report. This draft response is attached for Council consideration and endorsement.

2. RECOMMENDATION

That:

1. The report be received.

2. The letter, and attachment, from the Auditor-General to the Mayor, dated 29 June 2016, outlining the scope of the Auditor-General's examination of the Brown Hill Keswick Creek Stormwater Management project, and associated key findings and recommendations, be received.
 3. The draft letter from the Mayor and CEO to the Auditor-General, providing a response to his letter sent to the Mayor, dated 29 June 2016, related to the Brown Hill Keswick Creek Stormwater Management Plan Project , be endorsed by Council and subsequently forwarded to the Auditor-General.
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1. RELEVANT CORE STRATEGIES/POLICIES

- 5.3 Good governance and legislative framework
- 5.7 Uphold the reputation of the City of Unley

2. DISCUSSION

The Auditor-General's Department (AG) commenced an examination of the Brown Hill Keswick Creek Stormwater Management (BHKC) project on 25 February 2015. The objective of this examination was to determine whether the BHKC project is being managed efficiently and cost effectively in regard to sound governance, administrative and financial arrangements. The examination period covered the project life from February 2008 to October 2015, when the catchment Councils approved Option D. Importantly the examination did not cover the period in which the catchment Councils finalised the draft 2016 BHKC Stormwater Management Plan.

At its meeting on 29 March 2016 Council was informed that the revised Brown Hill Keswick Creek (BHKC) Stormwater Management Plan (SMP) had been submitted to the Stormwater Management Authority (SMA) for review and endorsement. Council was also informed at this meeting that the BHKC Steering Group had formally provided a copy of the SMP to the Natural Resource Management Authority (NRMA) for review and comment.

After a meeting on 22 April 2016 with the Chief Executive Officers and representatives of the catchment Councils, the Project Steering Group provided written comments, clarification and information regarding inaccuracies on a number of matters contained within the provisional report on 6 May 2016.

On 23 May 2016 Project nominees, Chief Executive Officer of Unley (P Tsokas), and Mitcham Director of Engineering and Horticulture (H. Lacy) met with the Principal and Deputy Principal Audit Managers to further discuss the "bigger issues" and inaccuracies identified in the written comments of 6 May 2016.

Subsequently the Project Director, on behalf of the Steering Group, provided further comments to the Auditor General's Department on 3 June 2016.

The AG has now provided a copy of his findings in a letter titled "Examination of the Brown Hill and Keswick Creeks Stormwater Management Project", dated 29 June 2016, to the Mayor of each catchment Council requesting comments by no later than 28 July 2016.

Attachment 1

Despite the above conversations and exchanges of correspondence to help ensure the completeness and accuracy of the AG's review, the Steering Group still disputes a number of the findings in the report and believes that the examination does not clearly reflect the significant progress that has been achieved by the Project and the Councils over the past two years.

The Unley Administration has been working with the other four catchment Councils to prepare a response to the AG's report. This draft response is attached for Council consideration and endorsement.

Attachment 2

Once the AG has received responses from the five Councils and the Stormwater Management Authority, the AG report will be finalised and tabled before Parliament.

3. ANALYSIS OF OPTIONS

Option 1 – The draft letter from the Mayor and CEO to the Auditor-General, providing a response to his letter sent to the Mayor, dated 29 June 2016, related to the Brown Hill Keswick Creek Stormwater Management Plan Project, be endorsed by Council, and subsequently forwarded to the Auditor-General.

The attached response letter is consistent with that being presented to each of the five Catchment Councils.

The letter deals with what is considered to be all of the key matters raised in the AG's findings, and will enable a response to be sent before the AG requested dead line (28 July 2016).

Option 2 – The draft letter, as amended, from the Mayor and CEO to the Auditor-General providing a response to his letter sent to the Mayor, dated 29 June 2016, related to the Brown Hill Keswick Creek Stormwater Management Plan Project, be endorsed by Council, and subsequently forwarded to the Auditor-General.

Council may wish to amend sections of the response letter to better reflect their views. This may mean that Council's response is inconsistent with the other Catchment Councils.

With only minor amendments the response dead line requested by the AG will still be met.

Option 3 – Direct Administration to prepare a separate letter to the Auditor-General in response to his letter sent to the Mayor, dated 29th June 2016, related to the Brown Hill Keswick Creek Stormwater Management Plan Project, and subsequently forwarded to the Auditor-General.

If a major change to the response letter is required by Council this may not only mean that Unley has a response quite different from the other catchment Councils, but also that a response may not be prepared by the requested AG deadline.

4. RECOMMENDED OPTION

Option 1 is the recommended option.

5. POLICY IMPLICATIONS

5.1 *Financial/budget*

Nil

5.2 *Legislative/Risk Management*

Legal opinion on various sections of the AG's report has been sought.

If a number of the recommendations or findings in the AG report are to be followed it would require Council to operate in a manner contrary to the Local Government Act. The response letter addresses some of the more pertinent points

5.3 *Staffing/Work Plans*

No impact

5.4 *Environmental/Social/Economic*

Nil

5.5 *Stakeholder Engagement*

N/A

6. REPORT CONSULTATION

In preparing the response to the AG report all relevant departments of the Administration have been consulted, including Assets & Environment, and Finance.

7. ATTACHMENTS

- Auditor-General's letter & report dealing with BHKC project review findings
- Response letter to the Auditor-General's report

8. REPORT AUTHORISERS

Name	Title
John Devine	Acting CEO

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**CONFIDENTIALITY MOTION TO REMAIN IN CONFIDENCE – BROWN HILL
KESWICK CREEK STORMWATER MANAGEMENT PROJECT**

MOVED Councillor Palmer
SECONDED Councillor Smolucha

That:

1. The report be received.
2. Pursuant to Section 91(7) and (9) of the Local Government Act:

2.1 The

- Minutes
- Report
- Attachment

remain confidential on the basis that the information supplied contains information provided on a confidential basis; and would on balance be contrary to the public interest.

- 2.2 The Minutes, Report and Attachment be kept confidential until the item is revoked by the Chief Executive Officer or the documents are tabled in Parliament.

CARRIED UNANIMOUSLY

The doors to the Council Chambers were opened at 10.03 pm.

CLOSURE

The Acting Presiding Member closed the meeting at 10.03pm.

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ACTING PRESIDING MEMBER

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