



Shire of  
Serpentine  
Jarrahdale

# Audit, Risk and Governance Committee

## Confirmed Minutes

**Tuesday 21 August 2018**  
**5.30pm**

Endorsed by Council 25/09/18  
OCM8.1/09/18

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Open Monday to Friday 8.30am-5pm (closed public holidays)



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Minutes of the Audit, Risk and Governance Committee Meeting held in the Council Chambers, Civic Centre, 6 Paterson Street, Mundijong on Tuesday 21 August 2018. The Presiding Member, Councillor See declared the meeting open at 5.30pm.

## Minutes

### 1. Attendances and apologies (including leave of absence):

**Councillors:** Cr J See ..... Presiding Member  
Cr M Byas  
Cr M Rich  
Cr R Coales  
Cr K McConkey

**Independent Members:** Ms E Newby  
Mr S Casilli

**Officers:** Mr K Donohoe ..... Chief Executive Officer  
Mr F Sullivan ..... Director Corporate Services  
Mr S Harding ..... Director Infrastructure Services  
Ms H Sarcich ..... Deputy CEO / Director Community Services  
Mr D van der Linde ..... Acting Director Development Services  
Ms A Liersch ..... Agendas and Minutes Officer (Minute Taker)

**Apologies:** Nil

**Observers:** Nil

**Members of the Public:** Nil

### 2. Public question time:

#### 2.1 Response to previous public questions taken on notice

Nil

#### 2.2 Public questions

Nil

### 3. Public statement time:

Nil

### 4. Petitions and deputations:

Nil

### 5. Declaration of Councillors and Officers interest:

Nil



## 6. Receipt of minutes or reports and consideration of adoption of recommendations from Committee meetings held since the previous Council meetings:

### 6.1 Minutes of previous Audit, Risk and Governance Committee Meeting:

#### 6.1.1 Audit, Risk and Governance Committee Meeting – 15 May 2018

##### **AUDIT, RISK & GOVERNANCE COMMITTEE DECISION**

**Moved Cr Rich, seconded Ms Newby**

**That the minutes of the Audit, Risk and Governance Committee Meeting held on 15 May 2018 be confirmed (E18/4920).**

**CARRIED UNANIMOUSLY 7/0**

### 6.2 Reports for consideration:

<b>ARG008/08/18 – Risk Management Framework Review (SJ136)</b>	
<b>Author:</b>	Manager Corporate Services
<b>Senior Officer:</b>	Chief Executive Officer
<b>Date of Report:</b>	9 August 2018
<b>Disclosure of Officers Interest:</b>	No officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .

#### **Introduction**

This report is to present the draft Risk Management Framework to the Audit, Risk and Governance (ARG) Committee for adoption.

#### **Relevant Previous Decisions of Council**

There is no previous Council decision relating to this application/issue.

#### **Background**

There has been an increase focus on risk management in local government over recent years with the aim of managing business systems and processes to achieve an appropriate balance between realizing opportunities gain whilst minimizing adverse impacts.

This has been driven in part by a more targeted focus on risk mitigation and liability management in all areas of government, along with legislative changes. In 2013, the *Local Government (Audit) Regulations 1996* were amended by the introduction of Regulation 17, which requires the Chief Executive Officer of the local government to report every two years



to the ARG Committee on the effectiveness of the organisation's risk management process, internal controls and legislative compliance.

The external audit of these three items at the Shire revealed a number of areas whereby improvements could be made and with one recommendation being that the Shire develops a Risk Management Framework that encompassed Policies, Procedures and a Risk Register.

LGIS has been working with Council Officers to assist with the review and implementation of the Risk Management Framework and development of the operational risk dashboard, which will lead to fostering an organizational culture leading to risk management maturity.

### **Community / Stakeholder Consultation**

The framework has been reviewed by and comments received from relevant staff and the Executive Management Group.

### **Statutory Environment**

*Local Government (Audit) Regulations 1996*

**17. CEO to review certain systems and procedures**

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
- (a) risk management; and*
  - (b) internal control; and*
  - (c) legislative compliance.*

### **Comment**

A review of the Risk Management Framework has been completed to ensure alignment with the Strategic Community Plan 2017-2027.

In addition to ensuring compliance with the International Risk Management Standard AS AS/NZS ISO 31000:2009, the revised framework specifically aims to:

- Ensure that the Shire achieves its strategic objectives as set out in the Strategic Community Plan 2017 -2027;
- Highlight which areas of the Shire's risk profile have the capacity to deliver the maximum benefit or maximum harm, and to identify those areas which should receive priority action;
- Establish a reliable basis for decision making and ensure that risk is included as a fundamental component in the planning process;
- Ensure the effective allocation of resources;
- Determine how risk should be reported to Council, the ARG and external auditors.
- Foster an organisation culture which promotes proactive behavior regarding the identification and treatment of risk;



- Identify and prepare for emerging risks, future events and change; and
- Improve stakeholder confidence and trust.

The draft also further defines:

- the risk categories relative to the Shire being strategic, operational and special,
- risk appetite and recommends appetite “levels” across the key risk areas of Council,
- the framework process including risk identification, management, assessment, rating, type and reporting, and
- specific roles and responsibilities relating to the management of risk.

## Conclusion

It is recommended that ARG, on review of the draft, recommend Council adopt the Risk Management Framework.

## Attachments

- [ARG008.1/08/18](#) – Draft Risk Management Framework (LGIS) (E18/8407)

## Alignment with our Strategic Community Plan

<b>Outcome 3.1</b>	A commercially diverse and prosperous economy
<b>Strategy 3.1.1</b>	Actively support new and existing local business within the district.
<b>Outcome 4.2</b>	A strategically focused Council
<b>Strategy 4.2.1</b>	Build and promote strategic relationships in the Shire’s interest.

## Financial Implications

There are no direct costs associated with this item.



## Risk Implications

Risk has been assessed on the basis of the Officer's Recommendation.

Risk	Risk Likelihood (based on history and with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That ARG / Council does not adopt the Framework	Unlikely (2)	Major (4)	Moderate (5-9)	Compliance - 3 Moderate - Non-compliance with significant regulatory requirements imposed	Accept Officer Recommendation

## Risk Matrix

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives; occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating of 8 has been determined for this item. Any items with a risk rating over 10 (considered to be high or extreme risk) will be added to the Risk Register, and any item with a risk rating over 17 will require a specific risk treatment plan to be developed.



**Voting Requirements:** Simple Majority

**ARG008/08/18                      AUDIT, RISK & GOVERNANCE COMMITTEE DECISION /  
Officer Recommendation**

**Moved Cr Coales, seconded Cr McConkey**

**That the Audit, Risk and Governance Committee recommends to Council:**

- 1. That Council adopt the draft Risk Management Framework as contained in attachment ARG008.1/08/18.**
- 2. That Council notes the risk management policy is to be reviewed to better align with the risk management framework.**

**CARRIED UNANIMOUSLY 7/0**

*Please note that the Audit, Risk and Governance Committee does not have delegated authority to make decisions. All recommendations of the Audit, Risk and Governance Committee are presented to Council for ratification.*

**7. Motions of which notice has been given:**

Nil

**8. Urgent business:**

Councillor Coales requested that the IGA creditors invoice included in the list of creditors presented to the last Ordinary Council Meeting be investigated under Urgent Business.

The Presiding Member, Councillor See ruled this request out of order as it is not Urgent business in accordance with section 3.12 of *Council's Standing Orders Local Law 2002 (as amended)*.

**9. Closure:**

There being no further business, the Presiding Member declared the meeting closed at 5.53pm.

I certify that these minutes were confirmed at the  
Audit, Risk & Governance Committee Meeting held on 20 November 2018.

.....  
Presiding Member – Councillor J See

.....  
Date