



Shire of  
Serpentine  
Jarrahdale

# Audit, Risk and Governance Committee

## Agenda

Monday, 24 February 2020

5.30pm

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### Contact Us

#### Enquiries

Call: (08) 9526 1111

Fax: (08) 9525 5441

Email: [info@sjshire.wa.gov.au](mailto:info@sjshire.wa.gov.au)

#### In Person

Shire of Serpentine Jarrahdale

6 Paterson Street, Mundijong WA 6123

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



[www.sjshire.wa.gov.au](http://www.sjshire.wa.gov.au)



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Dear Committee Member

An Audit, Risk and Governance Committee Meeting of the Shire of Serpentine Jarrahdale will be held on Monday, 24 February 2020 in the Council Chambers, Civic Centre, 6 Paterson Street, Mundijong – commencing at 5.30pm.

Paul Martin  
**Chief Executive Officer**

13 February 2020

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## Agenda

1. **Attendances and apologies (including leave of absence)**
2. **Public question time:**
  - 2.1 **Response to previous public questions taken on notice**
  - 2.2 **Public questions**
3. **Public statement time:**
4. **Petitions and deputations:**
5. **Declaration of Councillors and Officers interest:**
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 – 9 December 2019**

**That the minutes of the Audit, Risk and Governance Committee Meeting held on 9 December 2019 be CONFIRMED (E19/15884).**



## 6.2 Reports for consideration:

<b>6.2.1 – 2019 Compliance Audit Return (SJ2196)</b>	
<b>Responsible Officer:</b>	Manager Governance
<b>Senior Officer:</b>	Director Corporate Services
<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> .

### Authority / Discretion

Legislative	Includes adopting local laws, local planning schemes and policies.
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### Report Purpose

The purpose of the report is to enable the Committee to consider and make recommendations to Council regarding adoption of the 2019 Compliance Audit Return.

### Relevant Previous Decisions of Council

The 2018 Compliance Audit Return was approved by Council at the 26 February 2019 Ordinary Council Meeting (OCM004/02/19) following consideration by the Audit, Risk and Governance Committee at the 4 February 2019 meeting.

### Background

The Compliance Audit Return is a legislative requirement used to assess compliance with elements of the *Local Government Act 1995* (the Act). The Compliance Audit Return takes the form of a questionnaire which, once completed and certified, is provided to the Department of Local Government, Sport and Cultural Industries.

### Community / Stakeholder Consultation

#### Policy Concept Forum

Nil.

### Statutory Environment

Section 7.13(1)(i) of the Act requires local governments to carry out a compliance audit in a manner specified by Regulation. Regulations 14 and 15 of the *Local Government (Administration) Regulations* require:

- a local government to carry out a compliance audit return for the period 1 January to 31 December in each year;



- the local government’s audit committee to review the compliance audit return and report to council the results of that review;
- following Council’s approval, the certification of the compliance audit return by the President and Chief Executive Officer; and
- the certified copy of the compliance audit return be provided to the Department of Local Government, Sport and Cultural Industries’ Chief Executive Officer by 31 March of that year.

### **Comment**

The Compliance Audit Return provides a means to self-check compliance with statutory requirements. The 2019 Compliance Audit Return contains questions related to:

- commercial enterprises by local governments;
- delegation of power / duty;
- disclosure of interest;
- disposal of property;
- elections;
- finance;
- Integrated, Planning and Reporting;
- local government employees;
- optional questions; and
- tenders for providing goods and services.

The Compliance Audit Return reports one incidence of non-compliance. In respect to question 8, disclosure of interest, an annual return was received one day late by an elected member in 2019. In accordance with the strict legally binding reporting requirements, this non-compliance was referred to the Department of Local Government, Sport and Cultural Industries and the Corruption and Crime Commission. Neither integrity agency has deemed the non-compliance worthy of further action.

The responses to the Compliance Audit Return have been reviewed by the Shire’s Internal Auditor. The objectives of the Internal Auditor’s review is to provide assurances in relation to the following areas:

- assess the completeness and responses within the CAR; and
- review the information sources of the CAR on a sample basis.

The internal audit report is attached and concluded that the *“CAR was considered to be presented based on suitable consultation and evidence within the Shire”*.



In 2018, the Shire's Internal Auditor made recommendations related to the 2018 Compliance Audit Return. These recommendations related specifically to the register of delegations. An update on the response to the 2018 recommendations is shown in the table below:

<b>Internal Audit Recommendation</b>	<b>Risk Rating</b>	<b>Progress</b>
<b>Guidance for oversight and usage of delegation data in the ROD</b> <ul style="list-style-type: none"><li>• Guidance be developed to clearly articulate varying roles and responsibilities in practical usage of the ROD (i.e. general guidance, entering on behalf of others, periodic integrity checking, review)</li></ul>	Moderate	Recognising the importance of delegations being exercised correctly, work to strengthen the Shire's approach to delegations and authorisations is progressing.  A comprehensive review of delegations and authorisations is planned for the first half of 2020 with oversight provided by the Audit, Risk and Governance Committee (see related agenda report).
<b>Recording delegation information outside of the ROD</b> <ul style="list-style-type: none"><li>• As part of the ongoing Register of Delegations, review being undertaken by Governance, consider the relationship between delegations recorded within the ROD and those recording is systems and processes managed outside with a view to reduce double recording / handling.</li></ul>	Moderate	The comprehensive review will strengthen the clarity of delegated powers and reduce the potential risk for the delegated powers being used incorrectly.  Internal audit is also conducting a CEO to Employee Delegations Management Internal Audit.
<b>Completeness of ROD Information / Data Entry</b> <ul style="list-style-type: none"><li>• Information / data entry errors noted in the observation be updated.</li></ul>	Low	Efforts in 2019 have focused on providing one-on-one support to officers exercising infrequently used or complex delegated powers as these are considered to be the most likely to be exercised incorrectly.  Further general guidance to officers through induction and refresher programs will be prepared following completion of the review.



## Options and Implications

### Option 1

That the Audit, Risk and Governance Committee recommends that Council:

1. APPROVES the 2019 Compliance Audit Return for the period 1 January 2019 to 31 December 2019, as shown in **attachment 1** and that Council;
2. AUTHORISES the certification to be jointly completed by the Shire President and Chief Executive Officer in accordance with Regulation 15 of the *Local Government (Audit) Regulations 1996*; and
3. AUTHORISES the certified 2019 Compliance Audit Return being submitted to the Department of Local Government, Sport and Cultural Industries.

### Option 2

That the Audit, Risk and Governance Committee does not recommend that Council:

1. APPROVES the 2019 Compliance Audit Return for the period 1 January 2019 to 31 December 2019, as shown in **attachment 1** and that Council;
2. AUTHORISES the certification to be jointly completed by the Shire President and Chief Executive Officer in accordance with Regulation 15 of the *Local Government (Audit) Regulations 1996*; and
3. AUTHORISES the certified 2019 Compliance Audit Return being submitted to the Department of Local Government, Sport and Cultural Industries.

Option 1 is recommended.

## Conclusion

The self-assessment provided by the Compliance Audit Return provides an opportunity to check compliance with statutory obligations. The 2019 Compliance Audit Return demonstrates the sound approaches to maintaining registers and adhering to procedure and processes specified in the Act.

## Attachments (available under separate cover)

- **6.2.1 - Attachment 1** – Compliance Audit Return 2019 (E20/942)
- **6.2.1 - Attachment 2** - Review of processes and generation of the 2019 Compliance Audit Return - Internal Audit Report (E20/1185)

## Alignment with our Strategic Community Plan

<b>Outcome 4.2</b>	A strategically focused Council
<b>Strategy 4.2.2</b>	Provide clear strategic direction to the administration



## Financial Implications

Nil.

## 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 Council does not approve the 2019 Compliance Audit Return	Unlikely (2)	Moderate (3)	Moderate (5-9)	Compliance - 3 Moderate - Non-compliance with significant regulatory requirements imposed	Accept Risk

## Risk Matrix

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic	
		1	2	3	4	5	
Likelihood	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 rating of **6** has been determined for this item.



**Voting Requirements:** Simple Majority

**Officer Recommendation**

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

- 1. APPROVES the 2019 Compliance Audit Return for the period 1 January 2019 to 31 December 2019, as shown in attachment 1 and that Council;**
- 2. AUTHORISES the certification to be jointly completed by the Shire President and Chief Executive Officer in accordance with Regulation 15 of the *Local Government (Audit) Regulations 1996*; and**
- 3. AUTHORISES the certified 2019 Compliance Audit Return being submitted to the Department of Local Government, Sport and Cultural Industries.**

*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.*



<b>6.2.2 - Annual Review of the Register of Delegations and Sub-delegations (SJ538)</b>	
<b>Responsible Officer:</b>	Manager Governance
<b>Senior Officer:</b>	Director Corporate Services
<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> .

### Authority / Discretion

Legislative	Includes adopting local laws, local planning schemes and policies.
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### Report Purpose

The purpose of this report is to recommend that the Audit Risk and Governance Committee (the Committee) recommend to Council that Council approve the scope of the 'Register of Delegations and Sub-delegations 2019-20 Review'.

### Relevant Previous Decisions of Council

<p><i>Ordinary Council Meeting – 20 May 2019 - OCM088/05/19</i></p> <p><i>That Council</i></p> <ol style="list-style-type: none"><li>1. <i>NOTES the review the of the Shire's Register of Delegations as required by the Local Government Act 1995, Section 5.18 and 5.46(2); and</i></li><li>2. <i>ADOPTS the Shire's Register of Delegations as shown in attachment 2 accepting all marked up amendments.</i></li><li>3. <i>ADOPTS the following additional delegations:</i><ol style="list-style-type: none"><li>a. <i>Commence Proceeding – Public Health Act 2016;</i></li><li>b. <i>Determine Due Date for Rates or Service Charge – Local Government Act 1995;</i></li><li>c. <i>Withdrawal of Infringement Notices – Bush Fires Act 1954;</i></li><li>d. <i>Issuing Infringement Notices – Planning and Development Act 2005;</i></li><li>e. <i>Extension of Time to Pay and Withdrawal of Infringements - Planning and Development Act 2005.</i></li></ol></li><li>4. <i>REQUESTS the Director Development Services to submit a report to Council by July 2019 to enable Council to consider:</i><ol style="list-style-type: none"><li>a. <i>Options and implications for amending Delegations 11.1.1 (Determination of Development Applications) and 12.1.1 (Determination of Development Applications) to treat applications for retrospective approval of existing development differently from all other development applications; and</i></li></ol></li></ol>
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*b. Policy and other measures to reduce and deter the commencement of development in the Shire without planning approval.*

## **Background**

Local governments are empowered by legislation to perform certain functions under various legislation. As in the case across all tiers of Government, some of these powers are vested in a specified entity, for example, Council or a particular position. Unless delegated, these powers can only be exercised by the specified entity.

The appropriate delegation of powers and duties is a normal and important process that enables efficient and effective service delivery, although some powers are not permitted to be delegated. All powers delegated must be registered. The register also specifies any conditions to delegated powers. An example of typical delegation is the power to close thoroughfares to vehicles. Under the *Local Government Act 1995*, Council has the authority to close roads to vehicles. As it would be impractical for Council to make every decision related to road closures, this power is typically delegated to specified positions in the administration.

Legislation can also create an instrument to authorise persons to perform specified functions. These 'authorised persons' have not been delegated per se but rather are authorised by legislation directly or a written notification issued under legislation to perform particular tasks. Examples of authorised persons include health inspectors who are authorised to issue infringement notices for alleged breaches of public health laws.

Authorisations and delegations share common characteristics as formal permissions to exercise power and for ease of reference are both included in the Register of Delegations and Sub-delegations. This is a consistent practice across local government.

The Register of Delegations and Sub-delegations details the delegations, sub-delegations and authorisations made under the Act and other legislation, such as:

- *Planning and Development Act 2005;*
- *Building Act 2011;*
- *Local Government (Miscellaneous Provisions) Act 1960;*
- *Strata Titles Act 1985;*
- *Bush Fires Act 1954;*
- *Health Act 1911;*
- *Food Act 2008;*
- *Cat Act 2011;*
- *Control of Vehicles (Off Road Areas) Act 1978;*
- *Caravan Parks and Camping Grounds Regulations 1997;*
- *Dog Act 1975; and*
- *Gaming and Wagering Commission Act 1987.*

It is a requirement under ss 5.18 and 5.46(2) of the Act that the Shire's Register of Delegations and Sub-delegations be reviewed at least once every financial year by the delegator (Council and the CEO). The previous annual review of the Register of Delegations and Sub-delegations occurred in May 2019. Therefore, to be compliant with the legislation, the Shire must complete the 2019-20 review by 30 June 2020.



Clause 9.3.4 of the Committee's Terms of Reference states that the Committee has responsibility to:

*“Review whether appropriate policies and supporting procedures are in place for the management and exercise of delegations.”*

It is therefore appropriate that the Committee review the proposed scope of the 2019-20 review prior to recommending it to Council for approval.

## **Community / Stakeholder Consultation**

### Policy Concept Forum

Council consultation is proposed in the form of a workshop during a scheduled Policy Concept Forum. This is discussed further in the report.

## **Statutory Environment**

The Act and other relevant legislation, provides for the delegation of certain powers and duties of Council to the Chief Executive Officer who may, unless prohibited by legislation or Council's instrument of delegation, further on-delegate powers and duties to employees. A power can only be delegated if an instrument exists under legislation, and the legislation allows the delegation to take place.

Section 5.42 of the Act prescribes that Council may delegate the exercise of its powers or the discharge of its duties to the CEO and section 5.43 prescribes the limitations on such delegations.

Section 5.44 of the Act prescribes that the CEO may delegate the exercise of the CEO's powers or the discharge of the CEO's duties to any employee of the local government.

All delegations made by Council must be by absolute majority as prescribed by section 5.42(1) of the Act. In accordance with s 59(1)(e) of the *Interpretations Act 1984* and the requirements of ss 5.16(2) and 5.42(2) of the Act, the Shire is required to record statutory delegated authorities in written instruments of delegations contained in the Shire's register.

Sections 5.18 and 5.46(2) of the Act require that the local government keep a register of the delegations made and that the delegator review the register at least once every financial year.

## **Comment**

The following scope has been prepared for Council approval.

### Register of Delegations and Sub-delegations 2019-20 Review

The review will apply to all delegations, sub-delegations and authorisations contained within the Shire's Register of Delegations and Sub-delegations (**attachment 1**), and will investigate if any new delegations, sub-delegations or authorisations should be recommended.



As part of the review, the following activities will be undertaken:

- An initial analysis of legislation will be conducted to identify the appropriate opportunities for delegations from Council. This will be followed by a further analysis to determine whether there should be an appropriate delegation or sub-delegation from the CEO to an employee.
- Consultation with Directors, Managers and operational staff responsible for the functions proposed in the delegations will occur to ensure the delegations reflect actual practice.
- Recommendations from previous internal audits and recent amendments to legislation, local laws and policies will be considered and incorporated where required.
- Consideration of the conditions and limitations required to assist in managing risks and sensitivities relevant to the Shire.
- Identification and update to the compliance links relevant to each delegation – policies, procedures, Codes of Practice and/or Standards required for the decision making process.

There will also be key consultation points throughout the review as follows:

- Executive Management Group - to present findings of the review. Proposed new delegations from Council to the CEO identified as being required; suggested amendments to existing delegations. Provide findings on existing sub-delegations from the CEO to Employees, as well as any recommendations for new sub-delegations, and the rationale for any conditions / limitations to those delegations / sub-delegations.
- Council Consultation – proposed to occur at a Policy Concept Forum. This session will provide Council with the opportunity to contribute to refining the extent of delegated authority to the CEO; along with any conditions or limitations they deem appropriate for those delegations.

Councillors will also have the opportunity to build their knowledge and confidence in delegation management, including the benefits that delegation can achieve and how and when the delegations will be exercised.

Given the Committee's responsibility to review the appropriateness of the Shire's management and exercise of delegations, it is proposed that the outcomes of the review will be presented to the Committee in May 2020 for subsequent Council consideration in June 2020.

## **Options and Implications**

### Option 1

The Committee recommend Council APPROVE the scope of the 'Register of Delegations and Sub-delegations 2019-20 Review'.

### Option 2

The Committee DOES NOT recommend Council APPROVE the scope of the 'Register of Delegations and Sub-delegations 2019-20 Review'.

Option 1 is recommended.



## Conclusion

This review will see the Shire's compliance with the legislative requirement to review its Register of Delegations and Sub-delegations once every financial year in accordance with ss 5.18 and 5.46(2) of the Act and will consider the appropriateness of the existing delegations, sub-delegations and authorisations, and will identify the need for any additional delegations, sub-delegations or authorisations.

## Attachments (available under separate cover)

- **6.2.2 - attachment 1** – Register of Delegations / Sub-delegations 2019 (E14/5516)

## Alignment with our Strategic Community Plan

<b>Objective</b>	Progressive – A resilient organisation demonstrating unified leadership and governance
<b>Outcome 4.1</b>	A resilient, efficient and effective organisation
<b>Strategy 4.1.1</b>	Provide efficient, effective, innovative, professional management of Shire operations to deliver the best outcome for the community within allocated resources
<b>Outcome 4.2</b>	A strategically focused Council
<b>Strategy 4.2.3</b>	Provide clear strategic direction to the administration

## Financial Implications

There are no financial implication associated with the Officer Recommendation. The delegations review can be accommodated within the Shire's budget allocation.



## 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)
If the Committee do not recommend that Council approve the scope, the Committee will not receive oversight of the process which could result in less confidence of the recommendations resulting from the review.	Rare (1)	Minor (2)	Low (1-4)	Compliance - 2 Minor - Regular noticeable temporary non-compliance s	Accept Officer Recommendation

## Risk Matrix

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic	
		1	2	3	4	5	
Likelihood	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 rating of **2** has been determined for this item.

**Voting Requirements:** Simple Majority

## Officer Recommendation

**That the Audit, Risk and Governance Committee recommend that Council NOTES the scope of the 'Register of Delegations and Sub-delegations 2019-20 Review'.**

*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.*



### 6.2.3 – Maturing the Risk Frameworks at the Shire of Serpentine Jarrahdale – February 2020 Project Update (SJ2881)

<b>Responsible Officer:</b>	Manager Governance
<b>Senior Officer:</b>	Director Corporate Services
<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> .

#### Authority / Discretion

Executive	The substantial direction setting and oversight role of the Council such as adopting plans and reports, accepting tenders, directing operations and setting and amending budgets.
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#### Report Purpose

The purpose of this report is to update the Audit, Risk and Governance Committee (‘the Committee’) on the progress of the Shire of Serpentine Jarrahdale’s (‘the Shire’) “Risk Maturity Journey”, and request that the Committee approve a strategic risk workshop to be held with the Committee and Councillors in April 2020.

#### Relevant Previous Decisions of Council

*Audit, Risk and Governance Committee – 4 November 2019 - ARG012/11/19*  
*AUDIT, RISK & GOVERNANCE COMMITTEE RESOLUTION / Officer Recommendation*  
*That the Audit, Risk and Governance Committee recommends that Council:*  
*NOTES the progress towards stage 1 of the “Risk Maturity Journey” as detailed in attachment 1.*

*Ordinary Council Meeting – 18 November 2019 - OCM246/11/19*

#### *COUNCIL RESOLUTION*

*2. That Council ADOPTS Audit, Risk and Governance Committee Resolution ARG012/11/19 and NOTES the progress towards stage 1 of the “Risk Maturity Journey” as detailed in attachment 1.*

#### Background

Risk Management is a framework of culture, processes and structures directed towards the effective management of risk. This includes consideration of both potential opportunities and adverse effects on existing operations. As all actions and transactions involve risk, effective Risk Management involves the anticipating, understanding and monitoring of risk. It contributes to good corporate governance by providing reasonable assurance to Council,



Executive Management and the community that the organisational objectives will be achieved within a tolerable degree of residual risk.

The Shire has two main documents in place designed to assist the organisation to identify, manage and mitigate risks. These are:

- Council Policy 1.4.2 Risk Management – adopted by Council 18 December 2017 (OCM179/12/17).
- Risk Management Framework (E19/1310) – adopted by Council 21 August 2018 (OCM8.1/09/18).

The Risk Management Framework was developed to address various Regulation 17 Audit Recommendations aimed at improving the Risk Management Framework at the Shire. Whilst the development and subsequent adoption of the Risk Management Framework is an important step forward to improve the risk management processes, additional work is required to truly realise enterprise-wide risk management.

Most importantly, a top down approach through the development of a Strategic Risk Management Register (linked to the Shire's strategic objectives) will ensure relevance and the ability to cascade risk throughout the organisation. It will also inform the development of a three-year risk based Strategic Internal Audit Plan for the delivery of internal audits over key risk areas including the controls in place to manage these risks.

#### May 2019

At the 20 May 2019 Ordinary Council Meeting, Council, on recommendation from the Committee, endorsed the Shire's "Risk Maturity Journey", including the Risk Maturity Road Map, to improve the Risk Management Framework and realise enterprise-wide risk management (OCM0740519).

The Risk Maturity Road Map outlines the planned stages of the Shire's Risk Maturity Journey to realise enterprise-wide risk management. The map details three stages:

1. Development of a Strategic Risk Register, including the development of Risk Appetite parameters and standard quarterly reporting to the Committee and Council.
2. Implementation and Education – embedding processes from stage one such as regular updating of the register, reporting to the Committee and Council and training for management (Executive and Business Unit levels).
3. Cultural Change and Further Maturity – development and implementation of operational risk.

#### November 2019

At the November 2019 Committee meeting, the Committee received the following progress update towards the Risk Maturity Journey:

- A scope of works for the provision of strategic risk management services is developed and Riskwest Management Consultants (Riskwest) are engaged to provide these services.



- A project kick off meeting with Riskwest was held and a program of risk workshops with the Management and Executive Team is established.
- The Strategic Risk Register and Risk Appetite Parameters will be available for the Committee's consideration and subsequent Council endorsement in early 2020.

### **Community / Stakeholder Consultation**

It is proposed in this paper that a Strategic Risk Workshop is held with the Committee and Councillors in April 2020. Please refer to the Comment section of this paper for further information.

### **Statutory Environment**

Regulation 17 of the *Local Government (Audit) Regulations 1996 (WA)* ('the Regulations') require the CEO to review the appropriateness and effectiveness of the Shire of Serpentine Jarrahdale's ('the Shire') systems and processes in relation risk management, internal control and legislative compliance (r. 17(1)). The review may include any or all of the abovementioned matters (r. 17(2)) and the results of any review must be reported to the Shire's Audit, Risk and Governance Committee (r. 17(3)).

### **Comment**

#### **Update towards stage 1 of the Risk Maturity Journey**

Since the update provided to the Committee in November 2019, the Shire has undertaken the following activities towards stage 1 of the Risk Maturity Journey:

- Joint workshop with Managers to establish initial risk contexts (held 15 November 2019).
- Joint workshop with Directors and CEO to establish initial risk contexts (held 19 November 2019).
- Individual workshops with Directors and CEO to finalise risk contexts (held 31 January 2020).

From the above workshops, the Shire has identified approximately 12 draft key strategic risk areas as follows:

- Culture
- Strategic Direction
- Bush Fire Management
- Organisation Capacity to deal with the Shire's Growth
- Organisational Efficiency
- Asset Management
- Financial Sustainability
- Partnerships & Alliances
- Economic Growth
- Workforce and Leadership
- Stakeholder Expectations
- Community Relationships and Community Engagement



Each draft strategic risk also has a risk owner identified, initial risk ratings established and controls detailed. The next phase of stage 1 is to confirm the risk ratings, controls and mitigations and determine whether the current risk level is acceptable in order to develop the Risk Appetite Parameters. As such, the following work is scheduled to occur:

- Individual workshops with Directors and CEO to finalise the risk ratings, controls and mitigations (scheduled to occur 10-21 February 2020).
- Joint workshop with Directors and CEO to agree on the draft register (scheduled to occur 26 February 2020).

### Strategic Risk Workshop

In addition, it has been identified that it would be beneficial to the project for the Committee and Council to attend a risk workshop delivered by Riskwest in order to have input into the Strategic Risk Register and Risk Appetite Parameters. This is an important part of the Committees role in supporting Council to fulfill its responsibilities in relation to risk management systems including the establishment of the risk appetite framework for the Shire to operate within. In addition, the involvement of Council will ensure the risk components developed as part of the Corporate Business Plan and Service Delivery Plan Projects are relevant and integrated. The goal of the workshop is to ensure the Executive Management Group have adequately identified the strategic risk areas for the Shire from the Committees and Council perspective and provide an opportunity for the Committee and Council to identify additional areas of strategic risk if required and review the strategic risk ratings, controls and mitigation strategies. The Committee should note that the facilitation of a Strategic Risk Workshop will mean the Strategic Risk Register will be available for Committee endorsement in May 2020 and as such the Risk Maturity Road Map at attachment 1 has been updated to reflect this revised timeline.

The workshop can be delivered outside of business hours (for example, commencing at 6pm) to ensure Committee member availability. A proposed agenda for the workshop is as follows:

- Briefing session to provide an overview of risk management.
- Brainstorming session to identify the organisational ‘critical success factors’ and key areas of strategic risks.
- Review and feedback into the draft strategic risk areas identified by the Executive Management Group to identify any gaps and review the strategic risks ratings, controls, mitigation strategies and risk appetite parameters.

To ensure a draft Strategic Register is available for Committee endorsement in May 2020 and subsequent Council adoption in June 2020, it is recommended the workshop is scheduled to occur in April 2020. When deciding on a date, the Committee should note the following that may affect availability:

- Easter Public Holidays – Good Friday 10 April and Easter Monday 13 April
- Anzac Day Public Holiday 27 April
- Riskwest are unavailable 9, 14 and 17 April
- Policy Concept Forum 6 April



- Q & A Agenda Briefing 14 April
- Ordinary Council Meeting 20 April
- School Holidays - Friday 10 April to Monday 27 April 2020
- The last week of April should also be avoided to ensure enough time to collate the information and produce a report for the May Committee meeting.

Therefore, the Committee should choose a date from the following options:

- Tuesday 31 March, Wednesday 1 April, Thursday 2 April, Friday 3 April
- Tuesday 7 April, Wednesday 8 April
- Wednesday 15 April, Thursday 16 April
- Tuesday 21 April, Wednesday 22 April, Thursday 23 April, Friday 24 April

#### Update towards stages 2 and 3 of the Risk Maturity Journey

As part of operationalising risk within the Shire, the following activities towards stage 2 and 3 of the Risk Maturity Journey have also commenced:

- Establishment of Risk Registers at the Directorate level within Service Plans that are being developed as part of the Corporate Business Plan Project.
- Establishment of key risks in relation to Asset Management to support the Asset Management Improvement Strategy.

### **Options and Implications**

#### Option 1

The Committee recommend Council

- NOTES progress towards the Shire's "Risk Maturity Journey".
- APPROVES the plan to hold a Strategic Risk Workshop with the Committee and Councillors in April 2020.
- REQUEST the CEO to schedule a Strategic Risk Workshop with Riskwest for the Committee and those Councillors who wish to attend on \_\_\_\_\_ April 2020, commencing at \_\_\_\_\_pm.
- ENDORSES the updated "Risk Maturity Road Map" timeline as detailed in attachment 1.

The implications associated with this option is the opportunity for the Committee and Council to provide input in to the Shire's Strategic Risk Register.



### Option 2

The Committee recommend Council

- NOTES progress towards the Shire’s “Risk Maturity Journey”.
- DO NOT APPROVE the plan to hold a Strategic Risk Workshop with the Committee and Councillors in April 2020.

The implication associated with this option is that the Committee and Council do not have an adequate opportunity to provide input into the Shire’s Strategic Risk Register.

Option 1 is recommended.

### **Conclusion**

The key milestones of Stage 1 of the Risk Maturity Journey (namely the Strategic Risk Register and Risk Appetite Parameters) are estimated to be available for the Committee’s consideration and subsequent Council endorsement in May 2020. The remaining tasks of Stage 1 (namely the review of the risk framework and the development of a risk based audit plan) will occur concurrently with stages 2 and 3 but will not affect the overall timeline of the project at this stage. The Risk Maturity Road Map has been updated to reflect the revised timeline.

### **Attachments (under separate cover)**

- **6.2.3 - attachment 1** – Risk Maturity Road Map (E19/3283)

### **Alignment with our Strategic Community Plan**

<b>Outcome 4.1</b>	A resilient, efficient and effective organisation
<b>Strategy 4.1.1</b>	Provide efficient, effective, innovative, professional management of Shire operations to deliver the best outcome for the community within allocated resources
<b>Outcome 4.2</b>	A strategically focused Council
<b>Strategy 4.2.3</b>	Provide clear strategic direction to the administration

### **Financial Implications**

There is no additional cost to the Shire to facilitate a Strategic Risk Workshop with the Committee and Councillors as the cost to do so is within the \$20,000 Project Budget approved by Council in May 2019.



## 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)
Not holding the Strategic Risk Workshop and consequently not providing the Committee and Council an adequate opportunity to provide input into the Shire's Strategic Risk Register. This may lead to areas of risk not being identified that are important to Council which would ultimately result in the register not being adopted and delays to project as well as inadequate Council oversight of risk management.	Possible (3)	Minor (2)	Moderate (5-9)	Compliance - 2 Minor - Regular noticeable temporary non-compliances	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 rating of **6** has been determined for this item.

**Voting Requirements:** Simple Majority

### Officer Recommendation

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

1. **NOTES** progress towards the Shire's "Risk Maturity Journey".
2. **APPROVES** the plan to hold a Strategic Risk Workshop with the Committee and Councillors in April 2020.
3. **REQUESTS** the CEO to schedule a 90-minute Strategic Risk Workshop with Riskwest for the Committee and those Councillors who wish to attend on \_\_\_\_\_ April 2020, commencing at \_\_\_\_\_pm.
4. **ENDORSES** the updated "Risk Maturity Road Map" timeline as detailed in attachment 1.

*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.*



<b>6.2.4 – Internal Audit Plan Update (SJ2895)</b>	
<b>Responsible Officer:</b>	Internal Auditor
<b>Senior Officer:</b>	Chief Executive Officer
<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> .

### Authority / Discretion

Legislative	Includes adopting local laws, local planning schemes and policies.
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### Report Purpose

To RECEIVE the Internal Audit Plan Update and provide reporting as confidential attachments and ENDORSE prioritisation of 'Contract and Supplier Management'.

### Relevant Previous Decisions of Council

<p><i>OCM74/05/19 - Council Resolution</i></p> <p><i>Moved Cr McConkey, seconded Cr Atwell</i></p> <p><i>That the minutes and resolutions contained therein of the Audit, Risk and Governance Committee held on 6 May 2019 be endorsed. (E19/5477). CARRIED UNANIMOUSLY 8/0</i></p> <p><i>Audit, Risk and Governance Committee - ARG006/05/19</i></p> <p><i>AUDIT, RISK &amp; GOVERNANCE COMMITTEE RESOLUTION / Officer Recommendation</i></p> <p><i>That the Audit, Risk and Governance Committee recommends that Council: ADOPTS the 2019 Interim Internal Audit Plan to guide Internal Audit activities to December 2019.</i></p>
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### Background

This update supports a periodic process for the Chief Executive Officer to review the appropriateness and effectiveness of internal controls within the Shire, through presenting results of internal audit activities in accordance with the 2019 Interim Internal Audit Plan.

### Community / Stakeholder Consultation

Stakeholder consultation was undertaken between Chief Executive Officer, Directors, Managers and supporting staff.



## Statutory Environment

*Local Government (Audit) Regulations 1996:*

- Section 16 - Functions of audit committee
- Section 17 – Chief Executive Officer to review certain systems and procedures

*Local Government (Financial Management) Regulations 5.2(c):*

- Section 5 – Chief Executive Officer’s duties as to financial management.

## Comment

The following is an overview of activities in relation to the endorsed Internal Audit Plan:

Reporting Period	December 2019	August 2019	June 2019	-
<b>Planned Audits COMPLETED</b>	2	0	3	-
<b>Planned Audits IN-PROGRESS</b>	3	3	0	-
<b>Planned Audits DELAYED / CANCELLED</b>	-	1	0	-
<b>Additional Internal Audits / Reports</b>	2	1	2	-

## SUMMARY

The following three audits and one post incident review were completed and presented as confidential attachments to this agenda report:

- **Internal Audit Report - Complaints Management**
- **Internal Audit Report - OneComm User Acceptance Testing**
- **Email Scamming Incident – Review**
- Internal Audit Report - Compliance Audit Return 2018/19 (tabled through separate agenda item).

Three internal audits were ongoing at the time of generating this report:

- Internal Audit - Asset Management (Road Infrastructure Assets)
- Internal Audit - Delegations Management
- Advisory - IT General Computer Controls.

Presentation of a draft risk based strategic internal audit plan covering 2020-2022 has been delayed risk pending outputs from the Shire’s “Risk Maturity Journey”. Internal Audit understands reporting from this process is due in February / March 2020. In the interim the Internal Audit function will progress with three “In progress” internal audits noted in the table below.



The following is an overview of audit activity within the Shire:

Internal Audit Activity	Area	Status	2019			2020	
			Jan / Mar	Apr / Jun	Jul / Sep	Oct / Dec	Jan / Mar
<b>Consolidate and track previous Internal Audits (quarterly)</b> Maintain Audit Register	Internal Audit	<b>Quarter Complete Separate Report</b>	●	●	●	●	●
<b>Complaints Management</b> Performance Audit [additional audit]	Internal Audit	<b>Complete Report Attached</b>				●	
<b>OneComm – Enterprise Resource Planning Project – Phase 1</b> Preliminary Controls Assessment	Internal Audit	<b>Complete Report Attached</b>				●	
<b>Compliance Audit Return 2018/19</b> Annual Compliance Audit	Internal Audit	<b>Complete Separate Agenda Report</b>					●
<b>Asset Management – Road Infrastructure Assets</b> Performance / Financial Audit	Internal Audit	<b>In progress</b>			●	●	●
<b>IT General Computer Controls</b> Preliminary Controls Assessment	Advisory	<b>In progress</b>				●	●
<b>Delegation Management</b> Performance [additional audit]	Internal Audit	<b>In progress</b>				●	●
<b>Contract and Supplier Management</b> Performance / Financial Audit	Internal Audit	<b>Proposed delay</b>				●	●

KEY	●	Ongoing audit activity	●	Completed Audit activity
	●	Scheduled audit activity	●	Delayed / cancelled audit activity
	●	Audit activity unable to be achieved		

## Options and Implications

### Option 1

That the Audit, Risk and Governance Committee recommends that Council RECEIVES the Internal Audit Plan Update and Confidential Attachments 1-2.

That the Audit, Risk and Governance Committee recommends that Council RECEIVES Confidential Attachment 3 – Email Scamming Incident –Review.



That the Audit, Risk and Governance Committee ENDORSES that the scheduled 'Contract and Supplier Management' Internal Audit will be considered in planning stages when the draft risk based strategic internal audit plan is presented.

### Option 2

That the Audit, Risk and Governance Committee recommends that Council RECEIVES the Internal Audit Plan Update and confidential attachments 1-2.

That the Audit, Risk and Governance Committee recommends that Council RECEIVES Confidential Attachment 3 - Post Incident Review Report.

That the Audit, Risk and Governance Committee DOES NOT ENDORSE that the scheduled 'Contract and Supplier Management' Internal Audit will be considered in planning stages when the draft risk based strategic internal audit plan is presented.

Option 1 is recommended.

### **Conclusion**

Internal Audit will continue to report activities quarterly in the format presented, audit activities will continue per the schedule presented in this report with a view that the risk based strategic internal audit plan will be developed for the next meeting.

### **Attachments**

- **6.2.4 - CONFIDENTIAL attachment 1** - Internal Audit Report 1 – Complaints Management (E20/840)
- **6.2.4 - CONFIDENTIAL attachment 2** - Internal Audit Report 2 – OneComm User Acceptance Testing (E20/721)
- **6.2.4 - CONFIDENTIAL attachment 3** – Email Scamming Incident – Review (E20/838)

*Internal audit status reporting and internal audit reporting is provided as confidential attachments per Section 5.23(2)(a) of the Local Governance Act 'matter affecting an employee or employees'. Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the operations of the Shire. In providing assurance to the ARG and subsequently Council, detailed operational information relating to recommendations, responsible officers, agreed management actions and status updates is presented. Whilst not the intention, this information could be considered to be or attributed to performance of staff within the Shire. On this basis, it is considered to relate to Section 5.23(2)(a) of the Local Governance Act.*



### Alignment with our Strategic Community Plan

<b>Outcome 4.2</b>	A strategically focused Council
<b>Strategy 4.2.2</b>	Ensure appropriate long term strategic and operational planning is undertaken and considered when making decisions
<b>Strategy 4.2.3</b>	Provide clear strategic direction to the administration

### Financial Implications

Nil

### Risk Implications

Option	Risk Description	Risk Assessment (with existing controls considered)			Risk Action Plan (Controls or Treatment proposed)
		Likelihood	Consequence	Rating	
All	Inadequate Audit Planning resulting in Internal Audit not supporting Council oversight responsibilities	Unlikely (2)  <i>The event could occur at some time.</i>	Moderate (3)  <i>Substantiated, public embarrassment, moderate impact</i>	Medium (6)	<ul style="list-style-type: none"> <li>Internal Audit Status reporting</li> <li>2019 Interim Internal Audit Plan</li> <li>Development of a risk based Strategic Internal Audit Plan</li> </ul>
All	Internal Audit reporting does not provide adequate assurance to ARG / Council leading to less robust decision making	Unlikely (2)  <i>The event could occur at some time.</i>	Moderate (3)  <i>Substantiated, public embarrassment, moderate impact</i>	Medium (6)	<ul style="list-style-type: none"> <li>Endorsed Interim Audit Plan</li> <li>Feedback and guidance through ARG</li> <li>Transparency of audit activities through Audit Status Reporting</li> <li>Increased information and updates to Council.</li> </ul>
All	Unclear purpose and intention of Internal Audit resulting in reduced ARG / Council understanding of Internal Audit activities	Unlikely (2)  <i>The event could occur at some time.</i>	Moderate (3)  <i>Substantiated, public embarrassment, moderate impact</i>	Medium (6)	<ul style="list-style-type: none"> <li>Revised Internal Audit Charter</li> <li>2019 Interim Internal Audit Plan</li> <li>1:1 Audit Committee Chair</li> <li>Increased information and updates to Council.</li> </ul>



### 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 rating of **6** has been determined for this item.

**Voting Requirements:** Simple Majority

### Officer Recommendation

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

- 1. RECEIVES the Internal Audit Plan Update and Confidential Attachments 1-2.**
- 2. RECEIVES Confidential Attachment 3 – Email Scamming Incident –Review.**
- 3. That the Audit, Risk and Governance Committee ENDORSES that the scheduled ‘Contract and Supplier Management’ Internal Audit will be considered in planning stages when the draft risk based strategic internal audit plan is presented.**

*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.*



<b>6.2.5 – Audit Recommendations Update (SJ2895)</b>	
<b>Responsible Officer:</b>	Internal Auditor
<b>Senior Officer:</b>	Chief Executive Officer
<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> .

### Authority / Discretion

Legislative	Includes adopting local laws, local planning schemes and policies.
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### Report Purpose

To RECEIVE internal audit recommendation status and confidential attachment and ENDORSE the level of detail reported.

### Relevant Previous Decisions of Council

<p><i>OCM74/05/19 - Council Resolution</i> <i>Moved Cr McConkey, seconded Cr Atwell</i> <i>That the minutes and resolutions contained therein of the Audit, Risk and Governance Committee held on 6 May 2019 be endorsed. (E19/5477). CARRIED UNANIMOUSLY 8/0</i></p> <p><i>Audit, Risk and Governance Committee - ARG006/05/19</i> <i>AUDIT, RISK &amp; GOVERNANCE COMMITTEE RESOLUTION / Officer Recommendation</i> <i>That the Audit, Risk and Governance Committee recommends that Council: ADOPTS the 2019 Interim Internal Audit Plan to guide Internal Audit activities to December 2019.</i></p>
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### Background

This update supports a periodic process for the CEO to review the appropriateness and effectiveness of internal controls within the Shire, through the status and potential areas of risk in relation to audit recommendations within the Shire.

### Community / Stakeholder Consultation

Stakeholder consultation was undertaken between CEO, Directors, Managers and supporting staff.



## Statutory Environment

*Local Government (Audit) Regulations 1996:*

- Section 16 - Functions of audit committee
- Section 17 - CEO to review certain systems and procedures

*Local Government (Financial Management) Regulations 5.2(c):*

- Section 5 - CEO's duties as to financial management.

## Comment

The following is an overview of the status of Internal Audit and external review recommendations within the Shire:

Reporting Period		RISK RATING:				TOTAL
		EXTREME	HIGH	MODERATE	LOW	
DECEMBER 2019	Recommendations PROGRESSING	-	2	7	5	14
	Recommendations NOT ACHIEVED	-	-	-	-	-
	Recommendations COMPLETE	-	3	-	2	5
AUGUST 2019	Recommendations COMPLETE	-	2	6	3	11
JUNE 2019	Recommendations COMPLETE	-	2	18	3	23

*Note: Risk Ratings are based off a residual rating (i.e. these consider risk to the Shire based on what is being undertaken or completed. Where a rating may have originally been based on 'High' a progress or completion of an action may reduce this to 'Moderate').*

### SUMMARY

All recommendations were reviewed with the relevant business area including status, current risk ratings and expected timeframes. Items were considered to be adequately progressing or completed. Where progress against a recommendation and risk considered to be reduced or timeframes agreed to be extended, this is included within the narrative of the supporting attachment.

Additionally, low risk items have been removed from reporting in **Attachment 1 - Detailed Audit Recommendation Status** to focus only on recommendations considered of Moderate to Extreme Risk Rating. Formal request for endorsement by Council is presented through the Officer recommendation. High level statistics for Low risk will remain in reporting.



## Options and Implications

### Option 1

That the Audit, Risk and Governance Committee recommends that Council RECEIVES the Internal Recommendations Update and confidential attachment.

That the Audit, Risk and Governance Committee recommends that Council ENDORSES that the focus of Detailed Audit Tracking presented to Council only be items with a residual risk rating higher than 'Low'.

### Option 2

That the Audit, Risk and Governance Committee recommends that Council RECEIVES the Internal Audit Plan Update and confidential attachments.

That the Audit, Risk and Governance Committee recommends that Council DOES NOT ENDORSE the focus of Detailed Audit Tracking presented to Council only be items with a residual risk rating higher than 'Low'

Option 1 is recommended.

## Conclusion

Internal Audit will continue to receive audit recommendation status quarterly in the format presented informed from information requirements of the Committee.

## Attachments

- **6.2.5 - CONFIDENTIAL attachment 1** – Detailed Audit Recommendation Status (E20/810)

*Internal audit status reporting and internal audit reporting is provided as confidential attachments per Section 5.23(2)(a) of the Local Governance Act 'matter affecting an employee or employees'. Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the operations of the Shire. In providing assurance to the ARG and subsequently Council, detailed operational information relating to recommendations, responsible officers, agreed management actions and status updates is presented. Whilst not the intention, this information could be considered to be or attributed to performance of staff within the Shire. On this basis, it is considered to relate to Section 5.23(2)(a) of the Local Governance Act.*

## Alignment with our Strategic Community Plan

<b>Outcome 4.2</b>	A strategically focused Council
<b>Strategy 4.2.2</b>	Ensure appropriate long term strategic and operational planning is undertaken and considered when making decisions
<b>Strategy 4.2.3</b>	Provide clear strategic direction to the administration



## Financial Implications

Nil.

## Risk Implications

Option	Risk Description	Risk Assessment (with existing controls considered)			Risk Action Plan (Controls or Treatment proposed)
		Likelihood	Consequence	Rating	
All	That Council does not support management actions and recommendations from Internal Audits resulting in reduced accountability to progress audit observations	Unlikely (2)  <i>The event could occur at some time.</i>	Major (4)  Substantiated, public embarrassment, high impact, high news profile, third party actions	Medium (8)	<ul style="list-style-type: none"> <li>• Adoption of Internal Audit Status reporting</li> <li>• ARG feedback processes</li> </ul>
All	Internal Audit reporting does not provide adequate assurance to ARG / Council leading to less robust decision making	Unlikely (2)  <i>The event could occur at some time.</i>	Moderate (3)  <i>Substantiated, public embarrassment, moderate impact</i>	Medium (6)	<ul style="list-style-type: none"> <li>• Endorsed Interim Audit Plan</li> <li>• Feedback and guidance through ARG</li> <li>• Transparency of audit activities through Audit Status Reporting</li> </ul>
All	Unclear purpose and intention of Internal Audit resulting in ARG / Council not understanding of Internal Audit activities	Unlikely (2)  <i>The event could occur at some time.</i>	Moderate (3)  <i>Substantiated, public embarrassment, moderate impact</i>	Medium (6)	<ul style="list-style-type: none"> <li>• Revised Internal Audit Charter</li> <li>• 2019 Interim Internal Audit Plan</li> <li>• 1:1 Audit Committee Chair.</li> </ul>



### 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 rating of **6** has been determined for this item.

**Voting Requirements:** Simple Majority

### Officer Recommendation

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

- 1. RECEIVES the Internal Recommendations Update and confidential attachment.**
- 2. ENDORSES that the focus of Detailed Audit Tracking presented to Council only be items with a residual risk rating higher than ‘Low’.**

*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:

### 8. Urgent business:

### 9. Closure: