



Shire of  
Serpentine  
Jarrahdale

# **Audit, Risk and Governance Committee Meeting**

## **Unconfirmed Minutes**

**Monday, 26 February 2024**

**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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Unconfirmed



Minutes of the Audit, Risk and Governance Committee Meeting held in the Council Chambers, Civic Centre, 6 Paterson Street, Mundijong, on Monday, 26 February 2024.

The Presiding Member, Councillor Mack declared the meeting open at 5:41pm and welcomed Committee Members and Staff.

Councillor Mack acknowledged the Noongar people of the Boodja – the land – that we gather on today. For thousands of years their connection to Country has provided knowledge, guidance, spirituality and life. We pay our respects to this ongoing connection, as well as to their Elders past, present and emerging.

The Presiding Member, Councillor Mack advised that the meeting is being audio recorded in accordance with Council Policy. No other visual or audio recording of this meeting by any other means is allowed.

## Minutes

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

**Elected Members:** S Mack.....Presiding Member  
R Coales  
T Duggin  
R Jerrett

**External Members:** Ms E Newby

**Officers:** Mr P Martin.....Chief Executive Officer  
Mr R Najafzadeh.....Director Infrastructure Services  
Mr B Oliver.....Director Community Engagement  
Ms C Mortimer.....Acting Director Corporate Services  
Mr A Trosic .....Director Development Services  
Mrs S Benetti.....PA to Director Corporate Services  
(Minute Taker)

**Apologies:** Mr F Sullivan, Director Corporate Services  
Mr J Curulli, External member  
M Byas, Elected Member  
N Bishop, Elected Member

**Observers:** Nil.

### 2. Public Questions:

Nil.



### **3. Deputations:**

Nil.

### **4. Declaration of Committee Members and Officers interest:**

Nil.

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

#### **5.1 Minutes of previous Audit, Risk and Governance Committee Meetings:**

##### **5.1.1 – Special Audit, Risk and Governance Committee Meeting - 4 December 2023**

**ARG01/02/24**

##### **AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION**

**Moved Cr Duggin, Seconded President Coales**

**That the minutes of the Special Audit, Risk and Governance Committee Meeting held on 4 December 2023 be CONFIRMED (E23/16623).**

**CARRIED UNANIMOUSLY 5/0**

##### **5.1.2 – Audit, Risk and Governance Committee Meeting – 27 Nov 2023**

**ARG02/02/24**

##### **AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION**

**Moved Ms Newby, Seconded Cr Duggin**

**That the minutes of the Audit, Risk and Governance Committee Meeting held on 27 November 2023 be CONFIRMED (E23/16264).**

**CARRIED UNANIMOUSLY 5/0**



## 6. Reports for consideration:

6.1 – 2023 Compliance Audit Return (SJ2484)	
<b>Responsible Officer:</b>	Manager Corporate Performance
<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 2023 Compliance Audit Return.

### Relevant Previous Decisions of Council

There are no previous decisions of Council relating to this matter.

### 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 (DLGSC).

### Community / Stakeholder Consultation

Policy Concept Forum

### Statutory Environment

Section 7.13(1)(i) of the Act requires local governments to carry out a compliance audit in a manner specified in the Regulations. Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996* 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 2023 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
- Official Conduct
- Optional Questions
- Tenders of Providing Goods and Services

The 2023 Compliance Audit Return was made available to local governments on 20 December 2023.

## Assurance

Responses to the Compliance Audit Report are compiled by the Shire's Governance function, who conducts the following assurance checks on the answers provided by the responsible functional areas:

- Verifies that evidenced records and their content exist in the record management system
- Verifies that evidenced Council resolutions did occur in the manner described through the review of Council minutes
- Followed up and requested further evidence from responsible functional areas in circumstances where the provided response indicated a lack of clarity.

## Findings

The 2023 Compliance Audit Return identified three (3) non-compliances as follows:

Disclosure of Interest			
No	Reference	Question	Comment
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	There was one incidence of a primary return not being completed by a relevant person within the prescribed time. The receipt of the late return was reported to the appropriate agencies.



5	s5. 76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2023?	There was one incidence of an annual return not being completed by a relevant person within the prescribed time. The receipt of the late return was reported to the appropriate agencies.
<b>Tenders for Providing Goods and Services</b>			
No	Reference	Question	Comment
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Council Policy 3.2.4 - Purchasing - Procurement of Goods or Services up to \$250,000 (E19/5674) requires a requisition and purchase order to be raised and approved prior to the commitment of purchases unless an exemption in accordance with the Policy applies. The Shire tracks compliance with this provision on a regular basis. In 2023, there were instances of noncompliance with this provision which were managed in accordance with the non-compliance provisions of the Policy.

### Further context to identified non-compliances

#### Primary Returns

In 2023, 33 primary returns were received within 3 months of the relevant persons start date. The outstanding primary return was received 2 days late. The receipt of the late return was reported to the appropriate agencies on 5 April 2023 and was managed in accordance with the Shire's Employee Code of Conduct and disciplinary procedures.

#### Annual Returns

In 2023, 60 annual returns were received by 31 August 2023. The outstanding annual return was received 39 days late due to the relevant person's personal circumstances. The receipt of the late return was reported to the appropriate agencies on 13 October 2023.

#### Purchasing Policy

Council Policy 3.2.4 - Purchasing - Procurement of Goods or Services up to \$250,000 establishes a suite of procurement rules including thresholds where quotes must be obtained, the form of quotes and that a requisition and purchase order is to be raised and approved prior to any commitment to purchase on behalf of the Shire.



Purchasing at the Shire is centralised meaning that a requisition is raised by an officer, approved by another officer with the required level of purchasing power and then separately approved by an officer from the procurement team who checks the requisition meets the purchasing policy.

This approach is used to ensure that compliance with purchasing rules are met.

In 2023, following Council's approval, an additional resource in the procurement team was added to provide greater assurance of compliance with Council's purchasing policy. This additional resource has allowed for both greater compliance and awareness of potential and actual instances of non-compliance.

There are two primary circumstances where non-compliance with the purchasing policy can occur:

1. An officer agrees to a good or service being provided prior to the requisition / purchase order being approved; and
2. A series of small jobs or purchases are approved over a period of time without the requisite number of quotes required where the goods or services could be viewed a single contract (anti-avoidance).

In relation to the first circumstance, this issue was identified in the 2022 Regulation 5 review presented to the Audit, Risk and Governance Committee. In response refresher training was provided in 2022 to every Officer on purchasing rules. Following this, ongoing monitoring reports were also prepared on the instances where an invoice is received in advance of a purchase order being generated. In 2023, the percentage of non-compliances was 3% (104 of 3,273 purchase orders), down from 7% in 2022 (192 of 2,729 purchase orders). This demonstrates the actions undertaken following the Regulation 5 review were effective.

While a technical breach of the procurement policy, Officers are of the view that with continued monitoring and training this does not represent a significant risk overall. That said, in 2023 the regular monitoring performed by Officers did identify and resolve a potentially more serious noncompliance (of both circumstances 1 and 2) isolated to a specific business unit. This issue was investigated internally and treated very seriously. The Officer involved is no longer employed by the Shire.

Also in the intervening period, an overhaul of practices in the business unit has occurred to ensure improvement in service planning and purchasing including the establishment of tenders for the types of goods and/or services regularly required by the business unit.

Regular monitoring through the centralised procurement is assisting in ensuring vigilance within the context of greater demand on Shire service delivery and responsiveness to customer requests which often requires emergency and out of hours works.

### **Internal Audit**

In accordance with the Shire's 2023-2024 Internal Audit Program, invitations to quote for the Compliance Audit Return Internal Audit were sent to potential suppliers in December 2023. Following an assessment of the bids received, Australian Audit was appointed and the audit was conducted in January 2024 with a report being provided to the Shire on 1 February 2024. The scope of the audit was to provide independent assurance over the Compliance Audit Return (CAR) processes within the Shire by:





- Assessing the completeness of the responses within the CAR; and
- Reviewing the evidence sources of the CAR responses on a sample/random basis.

In summary, the Internal Audit Report contained within **attachment 2** states:

- No issues or discrepancies were identified in the support documentation for the 25 selected legislative items during the review.
- The assessment did not reveal any indications of inaccuracies in the 2023 Compliance Audit Return information.
- Based on the auditors examination, it can be concluded that the provided documentation aligns with the specified legislative requirements.

### Options

#### Option 1

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

1. APPROVES the 2023 Compliance Audit Return for the period 1 January 2023 to 31 December 2023, as shown in **attachment 1**;
2. AUTHORISES the Shire President and Chief Executive Officer to certify the Compliance Audit Return; and
3. AUTHORISES the certified 2023 Compliance Audit Return being submitted to the Department of Local Government, Sport and Cultural Industries.

#### Option 2

That the Audit, Risk and Governance Committee recommends that Council DOES NOT APPROVE the Compliance Audit Return for the period 1 January 2023 to 31 December 2023.

Option 1 is recommended.

### Conclusion

The 2023 Compliance Audit Return demonstrates the Shire's overall strong compliance with legislative requirements and as this report details, the noncompliance identified have been managed accordingly. Pleasingly the internal audit concluded that that the information recorded by the Shire can be relied upon to be correct and agreed that no further non-compliances existed.

### Attachments (available under separate cover)

- **6.1 - attachment 1** – Compliance Audit Return 2023 (E24/1263)
- **6.1 - attachment 2** – Australian Audit - 2023 Legislative Compliance Audit (E24/1318)



### Alignment with our Council Plan 2023-2033

Thriving
4. Ensure sustainable and optimal use of Shire resources and finances

### Financial Implications

Nil

### Risk Implications

Risk has been assessed on the Officer Options:

Officer Option	Risk Description	Controls	Principal Consequence Category	Risk Assessment			Risk Mitigation Strategies (to further lower the risk rating if required)
				Likelihood	Consequence	Risk Rating	
1	There are no significant risks associated with Option 1.						
2	If Council do not approve the compliance audit return, it will not be submitted on time (i.e. legislative non-compliance) resulting in a possible elevation of the Shire on the Departments risk assessment.	Nil	Organisational Performance	Unlikely	Minor	LOW	Nil



**Voting Requirements:** Simple Majority

**ARG03/02/24**

**AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION / Officer Recommendation**

**Moved Cr Duggin, Seconded Ms Newby**

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

- 1. APPROVES the 2023 Compliance Audit Return for the period 1 January 2023 to 31 December 2023, as shown in attachment 1;**
- 2. AUTHORISES the Shire President and Chief Executive Officer to certify the Compliance Audit Return; and**
- 3. AUTHORISES the certified 2023 Compliance Audit Return being submitted to the Department of Local Government, Sport and Cultural Industries.**

**CARRIED UNANIMOUSLY 5/0**

*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.*

Unconfirmed



## 6.2 – Strategic Risk Register Quarterly Review Report – February 2024 (SJ2881)

Responsible Officer:	Manager Corporate Performance
Senior Officer:	Director Corporate Services
Disclosure of Officer's Interest:	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the

### Authority / Discretion

Information	For the Council / Committee to note.
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.

### Report Purpose

The purpose of this report is to provide the Audit, Risk and Governance Committee (the Committee) an overview of the quarterly review undertaken on the Shire's Strategic Risk Register and provide the Committee with the updated Strategic Risk Register for recommendation to Council for endorsement.

### Relevant Previous Decisions of Council

*Ordinary Council Meeting – 11 December 2023 – OCM292/12/23 - COUNCIL RESOLUTION / Officer Recommendation - **extract***

*That Council:*

*2. ADOPTS Audit, Risk and Governance Committee Resolution ARG020/11/23 and:*

- 1. NOTES the Strategic Risk Register Review as contained within this paper;*
- 2. ENDORSES the updated Strategic Risk Register as contained within attachment 1;*
- 3. REQUESTS the Chief Executive Officer review the communication actions and controls associated with Risk 6 to the next Audit, Risk and Governance Committee Meeting.*

### 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.

In September 2020, Council, on recommendation from the Committee, endorsed the Shire's new Strategic Risk Register and approved the revised Council Policy Risk Management (OCM281/09/20). These are important achievements towards improving the risk



management processes at the Shire as they provide a mechanism for Shire executives to manage risk at a strategic level and an avenue for the Committee and Council to monitor strategic risk through quarterly reporting.

### **Community / Stakeholder Consultation**

N/A

### **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's 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)). Each matter must be the subject of a review not less than once in every 3 financial years (r. 17(2)).

The most recent review of risk management was completed by the Shire in the 2021-22 financial year and considered by the Committee at its February 2022 meeting. The next review is due no later than 30 June 2025.

### **Comment**

#### **Strategic Risk Register Quarterly Review – February 2024**

In accordance with Council Policy Risk Management, the Executive Management Group reviewed the Strategic Risk Register. Following this, Officers have prepared the following quarterly report for the Committee's noting. Committee members and Councillors agreed to the structure of this report at the Strategic Workshop held 4 November 2020.

#### **Strategic Risk Register Quarterly Review – February 2024**

##### **1. Risk Rating Reviews**

- Risk 3 (Financial Sustainability) – With the action *Provide a strategic financial report to Council annually (including risks associated with grant funded projects)* now complete and no further risk mitigation strategies to action, the risk rating for the risk of *'failure to ensure financial sustainability'* has been reassessed accordingly. Reassessment deemed the level of risk to remain as MODERATE, with no changes to the consequence rating of major and the likelihood rating of unlikely.

##### **2. New and Emerging Risks**

Nil

##### **3. Updates to Risk Mitigation Strategies**

***Actions complete and moved to controls***

Risk 1 (Culture)

- Action 5 – *Implement the organisational vision and values* is complete, and added as Control 12. Launch of the new Values, Actions and Purpose Statement occurred in



December 2023 with further promotion planned in 2024, to embed new values across the organisation.

**Risk 2 (Organisational Workforce)**

- Action 2 – Develop an Employee Value Proposition is complete, and added as Control 12. A subsequent new action for the next step in implementation (Action 13) has been added (See 'New Actions' – Risk 2).

**Risk 3 (Financial Sustainability)**

- Action 3 – *Provide a strategic financial report to Council annually (including risks associated with grant funded projects)* is complete, and Control 3 updated to 'Corporate Business Plan and routine reporting to Council (including risks associated with grant funded projects).' Risk associated with grant funded projects is now identified as part of quarterly Corporate Business Plan reporting, and was introduced in the July to September 2023 Corporate Business Plan Performance Report presented to Council at the November Ordinary Council Meeting (OCM286/11/23). Additionally, a risk rating review was undertaken (see section of report titled 'Risk Rating Reviews – Risk 3).

**Risk 6 (Bush Fire Management)**

- Action 20 – *Implement an opt in text message system for the Shire of Serpentine Jarrahdale for days of Total Fire Bans and/or Vehicle and Harvest Movement Bans* is complete and added a Control 14. The opt in text message system went live in November 2023.

**Risk 11 (Community Engagement)**

- Action 1 – *Undertake the Major Review of the Strategic Community Plan* is complete, and Control 6 updated to 'Community input into the Shire's vision e.g. Council Plan 2023-2033'. The Council Plan 2023-2033 was adopted by Council at the December Ordinary Council Meeting (OCM313/12/23).

**Actions amended**

**Risk 2 (Organisational Workforce)**

- Action 10 – *Depot Accommodation Upgrades* target date amended to 30 June 2024 (was 31 December 2023). Universal access is now complete and an application for permanent occupancy is progressing. The outstanding scope items relating to the workshop extension and outdoor canopy installation continue to be managed in accordance with the Project Management Framework.

**Risk 6 (Bush Fire Management)**

- Action 2 – *Prepare bush fire management plans for Shire reserves adjacent to assets assessed as 'high risk' or above* target date amended to 30 June 2024 (was 31 January 2024), to align with the community and stakeholder consultation period currently underway in regard to the Shire's Bushfire Risk Management Plan 2024-2029.
- Action 14 – *Prepare the 5 year Reserve (Natural Area Reserves) management plan for Council consideration* target date of 31 January 2024 requires extension. As previously reported, this extension is in consideration of the chronological work and



research required, with limited resources, to develop a 5-year Reserve (Natural Area Reserves) management plan. It has been determined that this project cannot be completed utilising internal resources and therefore to support project progression, a milestone has been added to *develop a business case for engagement of a consultant to undertake project delivery* with a target date of 31 July 2024, for consideration as part of the annual Budget process. Subject to funding, subsequent milestone target dates will be updated and reported to the Committee in future reporting.

**Risk 7 (Environmental Sustainability)**

- Action 9 – *In relation to bauxite mining within the State forest surrounds of Jarrahdale, respond to environmental impact assessment once released for public comment* target date amended to 'following release of assessment' (was 31 March 2024). The environmental impact assessment has not yet been released for public comment and a clear date for the public engagement process remains unknown. Officers are ready to engage, once released.

**Risk 8 (Asset Management)**

- Action 5 – *Asset Maturity Project* target date amended to 30 June 2024 (was 30 December 2023) to incorporate the next steps in asset management maturity as outlined in the 2023 Asset Management Audit Report (e.g. Asset Management Policy, Strategy and Plans; Roles and Responsibilities; Written Procedures and Process Maps).

**Risk 13 (Desirable place – Vibrant community in a rural setting)**

- Action 3 – *Byford Skate Park (Construction of Stage 2)* target date amended to 'tbc once clearing permit is obtained' (was 28 February 2024) as approved by the Project Board in accordance with the Project Management Framework. As previously reported, the Department of Water and Environmental Regulation (DWER) requested further information regarding the clearing permit application and Officers have since worked with Department to address and resolve the criteria for issue of the clearing permit, so construction can proceed.

**Risk 15 (Worker Work Health and Safety)**

- Action 5 – *Undertake works necessary to ensure compliance to revised WHS legislation adhering to ISO45001 standard* target date amended to 31 March 2024 (was 31 December 2023). The previous target date for compliance was 31 March 2023, however this compliance date was extended by WorkSafe to 31 March 2024. Updates from WorkSafe on Code of Practice continue to be received, and require incorporation into Shire Business Operating Procedures. Revision of relevant Business Operating Procedures is underway, for completion by 31 March 2024.
- Action 8 - *Delivery of the works outlined on the Corrective Action Register* target date amended to 30 March 2024 (was 31 December 2023). From a total of 48 actions, 47 actions have been completed and closed, and one action remains in progress.

**New actions**

**Risk 2 (Organisational Workforce)**





- Action 13 – *Develop an implementation plan for the Employee Value Proposition* added, being the next step to support the implementation of the Employee Value Proposition, with a target date of 30 June 2024, and status 'In Progress'.

Risk 6 (Bush Fire Management)

- Action 22 – *Develop an annual Emergency Services Communication Plan to support proactive communication with the community regarding emergency services preparedness, compliance and safety* added, with a target date of 30 September 2024, and status 'In Progress'. Additionally, the Controls of Risk 6 have been reviewed, consolidated and updated, as requested by the Committee at the November 2023 meeting (OCM292/12/23).

Risk 11 (Community Engagement)

- Action 2 – *Review of the Strategic Communications Plan* added, with a target date of 31 March 2024, and status 'In Progress'.

Risk 16 (Capital Projects)

- Action 5 – *Develop a business case and submit for 2024-25 Budget consideration to resource the management of clearing permit processes including permit applications and development of vegetation offset plans* added, with a target date of 31 July 2024, and status 'In Progress'. Additionally, the Controls of Risk 16 have been revised based on current market conditions.

Risk 17 (ICT Internal Control)

- Action 2 – *Review of ICT department resources to implement findings of the ICT General Controls Audit Report 2023 (ARG016/08/23)*, added (due 30 April 2024) and 'In Progress'.

**4. Other**

Nil

The updated Strategic Risk Register incorporating the amendments from the above review is contained within **attachment 1**.

**Supplementary Commentary**

The following accompanying information to the Executive risk review this quarter is provided to the Committee for noting. The purpose of providing this information is to remain transparent about known issues that may impact strategic risk in future reporting periods.

- The Executive continue to monitor strategic risk associated with the closure of the Waste Transfer Station. As noted by Council at the October 2023 Ordinary Council Meeting (OCM268/10/23), the closure is being managed in accordance with the Shire's Business Continuity Plan, with a Crisis Management Team assembled, and a Crisis Communications Plan implemented to keep stakeholders informed. A summary of the asbestos findings, and options for the management of Bulk Waste in 2024 was considered by Council at the December 2023 Ordinary Council Meeting (OCM308/12/23), resulting in calls for tenders for procurement of green waste verge and pre-booked bulk waste collection services for a term of 2 years with the option to extend for a further 1 year, currently underway. The response and management of the emergency to date continues to be successfully handled in accordance with existing





framework. A follow-up report to determine the future of the site will be presented at a future meeting of Council.

### **Options and Implications**

#### Option 1

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

1. NOTES the Strategic Risk Register Review as contained within this paper.
2. ENDORSES the updated Strategic Risk Register as contained within **attachment 1**.

#### Option 2

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

1. DOES NOT NOTE the Strategic Risk Register Review as contained within this paper.
2. DOES NOT ENDORSE the updated Strategic Risk Register as contained within **attachment 1**.

#### Option 3

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

1. NOTES the Strategic Risk Register Review as contained within this paper.
2. REQUESTS that the Chief Executive Officer make revisions as specified by the Committee to the Strategic Risk Register.

Option 1 is recommended.

### **Conclusion**

This reporting period, a summary of progress towards mitigation includes the completion of five actions resulting in five new or updated controls. Target dates for six actions have been amended due to resource capacity, action interdependency, or external delays. Two actions have extension dates yet to be confirmed due to external interdependencies.

The review this quarter also includes the addition of five new mitigation actions, review of the Controls for Risk 6 (Bushfire Management) and Causes for Risk 16 (Capital Projects).

The ongoing reporting and monitoring of Strategic Risk provides assurance to the Committee and Council that the register is being monitored and mitigation actions are underway. It is also a key tool in supporting the Committee's and Council's responsibilities pertaining to risk management.

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

- **6.2 - attachment 1** – Strategic Risk Register (E20/8711)
- **6.2 – attachment 2** - Strategic Risk Register – Tracked Changes (E24/1708)



### Alignment with our Council Plan 2023-2033

Thriving
1. Plan for the sustainable growth of the Shire of Serpentine Jarrahdale
4. Ensure sustainable and optimal use of Shire resources and finances

### Financial Implications

There are no financial implications associated with this report. The recommendation of additional or amended risks or controls by the Committee may be financial implications for Council to consider.

### Risk Implications

Risk has been assessed on the Officer Options and Implications:

Officer Option	Risk Description	Controls	Principal Consequence Category	Risk Assessment			Risk Mitigation Strategies (to further lower the risk rating if required)
				Likelihood	Consequence		
1	There are no significant risks associated with this option.						
2	If the Committee recommend Council DO NOT note this report or endorse the updated register <u>without reason</u> , then there is a risk the committee will be seen as non-compliant with its responsibility to monitor risk and support Council. This could lead to impacts on organisational performance as specialist input is not obtained.	Nil	Organisational Performance	Rare	Insignificant		Nil
3	If the Committee recommends revision to the register, these may not be informed by sufficient operational information.	Nil	Organisational Performance	Rare	Insignificant		Nil



**Voting Requirements:** Simple Majority

**ARG04/02/24**

**AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION**

**Moved Ms Newby, Seconded Cr Duggin**

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

- 1. NOTES the Strategic Risk Register Review as contained within this paper.**
- 2. ENDORSES the updated Strategic Risk Register as contained within attachment 1 with the following amendments:**
  - Add 'within 42 days' to the target date wording of Risk Mitigation Strategy Action 9 of risk 7.**

**CARRIED UNANIMOUSLY 5/0**

*Reason for difference to Officer Recommendation*

*To clarify the timeframes.*

*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.*

Unconfirmed



### 6.3 – Asset Management Audit (SJ2895)

Responsible Officer:	Manager Corporate Performance
Senior Officer:	Director Corporate Services
Disclosure of Officer's Interest:	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the

### Authority / Discretion

Information	For the Council / Committee to note.
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### Report Purpose

The purpose of this report is for the Audit, Risk and Governance Committee to receive the Asset Management Audit and management comment as part of the 2023-24 Audit Program.

### Relevant Previous Decisions of Council

*Ordinary Council Meeting – 19 September 2022 – OCM205/02/22 - COUNCIL RESOLUTION / Officer Recommendation - extract*

- ADOPTS Audit, Risk and Governance Committee Resolution ARG018/08/22 and ENDORSES the provision of audit services via external contractor; REQUESTS the Chief Executive Officer engage the services of an external contractor as required; ENDORSES the Audit Program 2022-2026 as shown in Table 1

### Background

Following a competitive procurement process, Australian Audit was selected to perform an audit of Asset Management as part of the 2023-24 Audit Program. The audit was conducted in October and November 2023 with the draft report provided to Officers in November 2023.

The scope of the audit was to review progress on an internal audit of asset management as it relates to roads conducted in April 2020 (and presented to the Audit, Risk and Governance Committee at that time).

The 2023 audit measured progress of the three actions identified in the 2020 audit being:

- Finalise the Asset Management Plans
- Implement the maturity roadmap outlined in the audit report being the below:

Target from 2020 audit	Roadmap
Within first year (by May 2021)	<ul style="list-style-type: none"><li>- Migration to centralized asset management system in OneComm</li><li>- Consolidate asset register data (3 sources to one)</li><li>- Update register with data</li><li>- Enable clear asset management roles / responsibilities</li><li>- Finalise asset management strategy</li></ul>



Target from 2020 audit	Roadmap
	<ul style="list-style-type: none"><li>- Interim processes on renewal / maintenance and inspections</li></ul>
Within second year (by May 2022)	<ul style="list-style-type: none"><li>- Identify critical assets</li><li>- Identify service levels(including community, forecasting/utilization and risk data)</li><li>- Review/adjust resourcing (i.e model of in house or reliance on service providers for asset management)</li><li>- Develop management monitoring and reporting for Onecomm</li><li>- Progress with development of documented processes</li><li>- Processes adding new asset data</li></ul>
Within third year (by May 2023)	<ul style="list-style-type: none"><li>- Review inspection condition audit regime</li><li>- Review maintenance regimes</li><li>- Renewal</li><li>- Valuation approach</li><li>- Review financial asset management plans in line with revised positions</li></ul>

and

- Progress with review accuracy and currency of asset data as part of the OneComm asset management module.

### Community / Stakeholder Consultation

Nil

### Statutory Environment

Nil

### Comment

Overall, the audit demonstrates the journey of maturity that the Shire is undertaking as it relates to asset management. The audit noted that the five core components making up the Shire's infrastructure assets being parks, buildings, paths, roads, drainage have been satisfactorily migrated into one consolidated asset register within the OneComm asset management system and processes are currently in place to ensure new infrastructure assets are being identified and included in the OneComm asset management system.

The audit report is provided for the Committee in **attachment 1**.

The audit identifies three moderate risk issues related to:

- Asset management policy, strategy and plans
- Roles and responsibilities; and
- Written procedures and process maps.

In response, Officers propose the following management comments:



	Audit Recommendation	Management Comments
<b>Asset Management Policy, Strategy and Plans</b>	<ul style="list-style-type: none"><li>I recommend that the Asset Management Policy and the Asset Management Strategy should now be updated to clearly incorporate how the Shire plans to ensure the consolidated asset register data within “OneComm” is effectively used by all areas of the Shire in asset management, how the Shire plans to ensure the data in “OneComm” is kept accurate and complete and also outlining the Shire’s plan in ensuring that clear roles and responsibilities are developed for the continuing updating of the consolidated asset register data within “OneComm”.</li></ul>	<p>Officers agrees with the recommendations.</p> <p>Officers acknowledge that the Shire’s Asset Management Policy, Asset Management Strategy and Asset Management Plans are out of date and require revision.</p> <p>This will require a structured process as the Policy informs the Strategy, and the Strategy informs the Plans.</p> <p>Furthermore, an education and training program will be required to enable data to be used efficiently by all areas within the Shire.</p> <p>Appropriate resources will be required to the achieve the above, which will be challenging for the current resource of 1.0 FTE. A recommendation for an additional FTE to undertake this work will be required.</p> <p>Officers are intending to commence this review process in early 2024 with an aim for the following timeframes (dependant on resourcing):</p> <ul style="list-style-type: none"><li>- Asset Management Policy -6 months</li><li>- Asset Management Strategy – 6 months</li><li>- Asset Management Plans –<ul style="list-style-type: none"><li>- <i>Bridges - 6 months</i></li><li>- <i>Footpaths – End of 2024</i></li><li>- <i>Roads – End of 2024</i></li></ul></li></ul>



	Audit Recommendation	Management Comments
		<ul style="list-style-type: none"><li>- Drainage – End of 2025</li><li>- Open Space – End of 2025</li><li>- Building – End of 2025</li></ul> <p>This will be assisted by the proposed Infrastructure Directorate Review under consideration by Council.</p>
<b>Roles and Responsibilities</b>	<ul style="list-style-type: none"><li>• I recommend that the Shire through the AMWG establish as a matter of priority formal terms of reference for the working group and for the working group to also determine clear roles and responsibilities within the Shire over the asset management process. The AMWG should establish the following:<ul style="list-style-type: none"><li>• The role and responsibility of the AMWG including its monthly reporting responsibility in relation to the status of any WIP relating to the consolidated asset register data within the “OneComm” system.</li><li>• The role and responsibility of individual key AMWG members in ensuring that proper asset management processes will be established and complied with within their area of operational responsibility.</li><li>• Identify any other Shire positions which have asset management responsibilities and ensure the positions role and responsibility for asset management is documented and clearly understood</li></ul></li></ul>	<p>Officers agree with the recommendations.</p> <p>The Terms of Reference for the AMWG has been established and adopted by the group at the November 2023 meeting.</p> <p>Furthermore, the AMWG is working on generating a RACI for the overall roles and responsibilities for individual AMWG members and the organisation as a whole. This will be endorsed in early 2024.</p>
<b>Written Procedures and Process Maps</b>	<p>I recommend that the Shire establish clear written procedures and/or clear process mapping in relation to all asset management processing functions and provide where necessary staff training to ensure physical asset data in</p>	<p>Officers agree with the recommendations.</p> <p>Current procedures to validate and enter data into the ERP will be identified which will continue to</p>



	Audit Recommendation	Management Comments
	“OneComm” continues to remain accurate and complete.”	ensure data is accurate and complete.  Again, this is a significant piece of work which will require additional resources.  Completion of this recommendation, depending on sufficient resourcing, should take approximately 18 months.

## Options

### Option 1

That Council

1. RECEIVES the Asset Management Audit report contained in Attachment 1
2. NOTES the management comments prepared by Officers in Attachment 1
3. REQUESTS the Chief Executive Officer, as part of the 2024/25 budget process, prepare and submit a business case for additional resource consideration by Council to implement the 2023 Asset Management Audit actions.

### Option 2

That Council

1. RECEIVES the Asset Management Audit report contained in Attachment 1
2. NOTES the management comments prepared by Officers in Attachment 1

Option 1 is recommended.

## Conclusion

As reflected in the Audit’s findings, the Shire’s investment in asset management including through OneComm continues to progress the Shire’s maturity in respect to asset management. Officer’s note the findings of the audit and have already implemented several of the recommendations since the report was initially provided to Officers.

## Attachments (available under separate cover)

### 6.3 - attachment 1 – Asset Management Audit Report (E24/794)

## Alignment with our Council Plan 2023-2033

Liveable
2. Improve maintenance and investment in roads and paths
3. Preserve and enhance our natural places, parks, trails and reserves
4. Invest in facilities and amenities to meet current and future needs





### Financial Implications

There are financial implications required to implement the management response which Officers recommend Council consider through the 2024/25 budget process.

### Risk Implications

Risk has been assessed on the Officer Options:

Officer Option	Risk Description	Controls	Principal Consequence Category	Risk Assessment			Risk Mitigation Strategies (to further lower the risk rating if required)
				Likelihood	Consequence	Risk Rating	
1	There are no significant risks associated with this option						
2	The actions proposed may have resource and planning implications not considered by Officers which would jeopardise their effectiveness.		Organisational Performance	Possible	Insignificant	LOW	

**Voting Requirements:** Simple Majority

**ARG04/02/24**

**AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION / Officer Recommendation**

**Moved Ms Newby, Seconded Cr Jerrett**

**That Council**

- 1. RECEIVES** the Asset Management Audit report contained in Attachment 1
- 2. NOTES** the management comments prepared by Officers in Attachment 1
- 3. REQUESTS** the Chief Executive Officer, as part of the 2024/25 budget process, prepare and submit a business case for additional resource consideration by Council to implement the 2023 Asset Management Audit actions.

**CARRIED UNANIMOUSLY 5/0**

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

Nil.



## 8. Urgent business:

Nil.

## 9. Closure:

There being no further business, the Presiding Member declared the meeting closed at 6:03pm.

Officers assisting the meeting stopped the recording of the meeting.

I certify that these minutes were confirmed at the Audit, Risk and Governance Committee Meeting held on \_\_\_\_\_.

.....Presiding Member – Councillor Mack

.....Date

Unconfirmed