



Shire of
Serpentine
Jarrahdale

Audit, Risk and Governance Committee Meeting

Minutes

Monday, 26 May 2025

6pm

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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



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Minutes of the Audit, Risk and Governance Committee Meeting held in the Council Chambers, Civic Centre, 6 Paterson Street, Mundijong, on Monday, 26 May 2025.

The Presiding Member, Councillor Mack declared the meeting open at 6pm 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.

Presiding Member, Councillor Mack advised that the meeting is being live streamed and audio recorded. 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
C Mazzini
T Duggin

External Members: Ms E Newby
Mr J Curulli

Officers: Mr A TrosicActing Chief Executive Officer
Mr N Scidone.....Acting Director Infrastructure Services
Mr B Oliver.....Director Community Engagement
Mr F Sullivan.....Director Corporate Services
Mr F Jamodien.....Director Operations
Ms C Mortimer.....Manager corporate Performance
Ms J Bavaro.....PA to Director Corporate Services (Minute Taker)

Leave of Absence:

Apologies: R Coales
R Jerrett
N Bishop

Observers: 1



2. Public Questions:

Michelle Rich, Serpentine, 6125

Question 1

Given that Council, as a collective, holds decision-making power over budget allocations, rates, and financial prioritisation, and that concerns have been raised in the community about the Shire's long-term financial sustainability, can the Committee advise whether the capability and financial literacy of elected members — particularly as it relates to interpreting financial data, budgets, and implementation of long-term financial plans — has been identified, assessed or quantified as a strategic risk in the Shire's Risk Register? If not, why not?

Response (Director Corporate Services)

Risk One: 'Change in financial capacity impacting service and/or project quality and delivery' on the Strategic Risk Register is assessed as 'Significant'. The following actions are proposed to further reduce this level of risk:

- *Review the Rates Strategy*
- *Review the overhead allocation methodology.*

Further, the Local Government Act reforms will require Council to appoint an independent presiding member and deputy presiding member on a newly named Audit, Risk and Improvement Committee which is aimed at enhancing local governments financial management capabilities.

The Audit, Risk and Governance Committee can make any recommendations to Council regarding the register they see pertinent.

Question 2

Several findings from the 2021 Regulation 17 review — including operational risk management actions and the finalisation of the Integrity Framework — remain incomplete as of 2025. Can the Committee confirm exactly how many open findings from the previous review are still unresolved, what their original due dates were, and provide a commitment to publish a list of overdue items and their updated completion dates in the next quarterly risk report?

Response (Presiding Member)

The Presiding Member advised the question will be taken on notice. In accordance with Council Policy - Public Question and Public Statement Time and Deputations, a written response will be provided.

Question 3

The revised Risk Appetite Statement increases the maximum tolerable impact on Social and Community Outcomes from "Minor" to "Moderate." Considering the increased funding and staffing to the Community Directorate, can the Committee confirm what specific community risks, decisions, or projects this change was intended to accommodate, and whether a community impact assessment or consultation was conducted before endorsing a broader tolerance for risk in this area?



Response (Director Corporate Services)

The revised officer recommended Risk Appetite is still LOW. The change is in the moderation of the LOW, from a minor to moderate consequence which will only be tolerated in a rare and unlikely likelihood.

For example, the Shire often commences roadworks across multiple suburbs contained within a single ward but continues to do so as the community benefit outweighs the impact. Under the previous risk appetite, this would not be able to happen.

The community provide an extensive array of feedback to the Shire, and this is used by the Executive to inform deliberations and recommendations in risk management, for example the Community Perception Survey, Facilities User Group Survey, Green Spaces Maintenance Level Survey, CRM feedback etc.

ARG10/05/25

AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION

Moved Cr Duggin, seconded Cr Mazzini

That the Audit, Risk and Governance Committee, in accordance with clause 3.1(3) of the Standing Orders Local Law 2002, APPROVES the inclusion of Public Statement Time following Item 2 on the Agenda.

CARRIED UNANIMOUSLY 5/0

2.1 Public Statement Time

Mrs Michelle Rich, Serpentine, 6125

Mrs Rich made a statement regarding financial sustainability.

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 - Audit, Risk and Governance Committee Meeting - 24 February 2025

ARG11/05/25

AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION

Moved Ms Newby, seconded Mr Curulli

That the Minutes of the Audit, Risk and Governance Committee Meeting held on 24 February 2025 be CONFIRMED (E25/2270)

CARRIED UNANIMOUSLY 5/0



6. Reports for consideration:

6.1 - Strategic Risk Register Review 2025 (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 <i>Local Government Act 1995</i> .

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 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 - 18 March 2025 - OCM051/03/25 - COUNCIL RESOLUTION - extract

That Council:

- 4. ADOPTS Audit Risk and Governance Resolution ARG09/02/25 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. NOTES the review of the Strategic Risk Register is underway and a workshop with the Audit, Risk and Governance Committee will be scheduled in May 2025.*

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 accordance with the requirements of *Regulation 17* of the *Local Government (Audit) Regulations 1996*, and as part of the Shire's Enterprise Risk Management Continuous Improvement Plan, a commitment was made to review the Strategic Risk Register by 30 June 2025, to include:

- Review and analysis of best practice strategic risk management processes and procedures.
- Reassessment of the Shire's top strategic risks that present the greatest threat to achieving strategic objectives, for incorporation into the Register.
- Removal of risks no longer considered a high threat due to the completion of mitigation action/s since last review.
- Re-evaluation of the Shire's Risk Appetite Statements which define the nature and extent of the risk that the Shire is willing to accept or tolerate.

This review considers and realigns a revised Strategic Risk Register with the Shire's new strategic pillars (Thriving, Liveable, Connected) and their corresponding objectives, following the adoption of the Shire's Council Plan 2023-2033 in December 2023 (OCM313/12/23).

Progress on the review of the Strategic Risk Register was reported to the Audit Risk and Governance Committee throughout 2024-25. The review progressed as follows:

- July to September 2024: Officers developed a full scope of the review and a timeline, to ensure project completion by 30 June 2025.
- October to December 2024: Procurement of a consultant for the scope of work and to facilitate risk workshops with the Executive Management Group and Audit, Risk and Governance Committee.
- December 2024 to April 2025: Initial briefing with the Chair of the Audit, Risk and Governance Committee, and facilitation of four (4) workshops with the Executive Management Group.
- May 2025: Facilitation of one (1) workshop with the Audit, Risk and Governance Committee.

Periodic reviews are crucial for continuous improvement of 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

Strategic Risk Workshop with Audit Risk and Governance Committee

Workshop Date:	8 May 2025
Committee Members and Councillors in Attendance:	Cr Mack, Cr Bishop, Cr Duggin, Cr Mazzini, and Ms Newby
Apologies:	President Coales, Cr Jerrett and Mr Curulli

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 last review of risk management was completed by the Shire in the 2024-2025 financial year, to be considered by the Committee at its May 2025 meeting. The next review is due no later than 30 June 2028.

Comment

Strategic Risk Register Review

In accordance with the Shire's Risk Management Council Policy, the Executive Management Group have revised the Strategic Risk Register, and have considered:

- Analysis of existing risks and identification of new risks in line with the Shire's risk definition.
- Identification of causes, consequences and controls for each new risk.
- Identification of risk ratings for each new risk using the Shire's Risk Matrix and assessed against the Shire's Risk Appetite Statements.
- Determination of risk mitigation actions and proposed target dates.

This review considered the Shire's existing Risk Register, and whether the existing risks were still valid risks; this is, the chance of something happening that will have an impact upon objectives. The Executive Management Group agreed the risks are still valid, but determined several risks could be amalgamated, amended or re-worded, reducing the number of strategic risks to a more manageable level. In addition, two (2) new risks were identified and incorporated.



Mapping this process was undertaken, to ensure all existing risks were captured and included in the redefined 10 new Strategic Risks, shown below:

MAPPING SCHEDULE										
	Redefined Risk 1	Redefined Risk 2	Redefined Risk 3	Redefined Risk 4	Redefined Risk 5	Redefined Risk 6	Redefined Risk 7	Redefined Risk 8	New Risk 9	New Risk 10
Current Risk #:										
1										
2										
3										
4										
5										
6 & 7										
8										
9 & 11										
12 & 13										
14										
15										
16										
17										

Each new risk has been categorised against one of seven (7) new risk contexts:

- Financial and Economic Capacity
- Infrastructure Capacity and Service
- Social and Community Needs / Liveable
- Political and Stakeholder Relations
- Digital Transformation and Security
- Governance and Organisational Performance
- Environment, Climate and Hazard Management.

The resulting ten (10) new Strategic Risks are listed below, and replace seventeen (17) risks:

Risk 1: Change in financial capacity impacting service and / or project quality and delivery.

Risk 2: Variability between development / growth within the district, and the Shire's Planning Framework impacting revenue streams, service delivery and community agreement as to how growth / development should occur.

Risk 3: Change in political and stakeholder working relationships, impacting partnerships, alliances, project support (e.g. funding) and / or management of stakeholder expectations.

Risk 4: Possible loss of life, property and critical infrastructure.

Risk 5: The Delivery Phase of Major Capital Projects not delivered in accordance with compliance frameworks and agreed timelines.

Risk 6: Ageing / sub-standard assets requiring renewal, upgrade and maintenance.



Risk 7: Non-compliance with relevant laws, regulations, and compliance standards including work health & safety.

Risk 8: Inability to keep up with continually evolving ICT environment impacting the management of the organisation's ICT Controls, security, and digital transformation.

Risk 9: A continually changing climate and environment impacting people's ability to access nature and the Shire's management of natural resources and activities.

Risk 10: Crime rates increase and inadequate community safety measures may negatively impact the wellbeing and quality of life of residents.

The new Strategic Risk Register is contained within **attachment 1**.

Next steps

Officers continue to evolve and implement the Enterprise Risk Management Continuous Improvement Plan and risk management processes. Valuable feedback gained from the workshop held with the Audit, Risk and Governance Committee on 8 May 2025, confirmed the following:

- The Audit, Risk and Governance Committee are pleased with the format and presentation of the current quarterly reporting template and wish to continue using this template going forward.
- Internal Audit - The internal audit report at agenda item 6.3 identifies which strategic risks integrate with the corresponding audit. The Executive Management Group reviewed the audit program alongside the new strategic risk register and considered it to be suitable.
- The current format of the Strategic Risk Register in an excel spreadsheet is difficult to read, and request Officers investigate and propose an alternative format (e.g. a one page summary for each risk), for presentation to the Audit, Risk and Governance Committee at a future meeting.
- The Executive Management Group and Audit, Risk and Governance Committee agree that the risk appetite be increased for Social / Community Outcomes, within the Risk Management Council Policy, Appendix 2: Risk Appetite Statements. This revision to the Policy accompanies this report for consideration to update the risk appetite from LOW - subject to a Maximum Impact of MINOR, to LOW - subject to a Maximum Impact of MODERATE.

This amendment aligns to the recent review of the Risk Management Policy that occurred in March 2025, whereby the Social / Community Outcomes consequence table descriptions was updated. A Maximum Impact of MODERATE allows for events to possibly occur to a singular ward, rather than MINOR which only allows impact on a localised event. The overall appetite still remains LOW, the impact/consequence has increased by one level and the likelihood has reduced by one level. The below diagram depicts this amendment:



Appendix 1: Risk Management Tools

Risk Matrix

Consequence \ Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
Rare	LOW	LOW	LOW	LOW	MODERATE
Unlikely	LOW	LOW	LOW	MODERATE	SIGNIFICANT
Possible	LOW	LOW	MODERATE	SIGNIFICANT	HIGH
Likely	LOW	MODERATE	SIGNIFICANT	HIGH	HIGH
Almost Certain	MODERATE	SIGNIFICANT	SIGNIFICANT	HIGH	HIGH

Consequence Table

DESCRIPTOR	PHYSICAL OR PSYCHOLOGICAL IMPACT	FINANCIAL (OPERATIONAL)	REPUTATION	ORGANISATIONAL PERFORMANCE	ENVIRONMENT/HERITAGE	SOCIAL/COMMUNITY OUTCOMES	STRATEGIC STAKEHOLDER RELATIONSHIPS
Insignificant	Minor physical injuries requiring no treatment. No expected psychological impact.	< \$25,000	Isolated individual's issue-based complaint. No media coverage.	Impact managed through normal business practices.	Low level environmental impact OR negligible impact on heritage place. Immediately rectifiable.	Isolated individual's social/community health and wellbeing, economic or financial impact.	Insignificant weakening of a single strategic stakeholder relationship
Minor	First aid injury treated on site. Minor psychological impact treated on site.	\$25,000 - \$150,000	Local community impacts or issue based concerns.	Impact requires additional local management effort or response or redirection of resources to respond.	Minor environmental impact (< 3 months to remediate / recover) OR heritage place damage fully rectifiable within reasonable period.	Localised event with no broader social/community health and wellbeing, economic or financial impacts.	Damage to a strategic stakeholder relationship, able to be rectified in the short term
Moderate	Physical injury requiring professional treatment and/or short-term hospitalisation.	>\$150,000 - \$1m	Community impacts and concerns publicly expressed. Some reduced confidence	Delays in critical services or programs. Administration of project or activity subject to significant review or change.	Moderate environmental impact (< 1 year to remediate / recover) OR heritage place damage fully rectifiable in a	Possible social/community health and wellbeing, economic or financial impacts to singular ward of the Shire.	Weakened relationship with a significant number of strategic stakeholders or a key strategic



Options

Option 1

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

1. ENDORSES the updated Strategic Risk Register as contained within **attachment 1**.
2. ENDORSES the revisions to the Risk Management Council Policy as contained within **attachment 2**.
3. REQUESTS the Chief Executive Officer present a revised format of the Strategic Risk Register for presentation at a future meeting.

Option 2

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

1. ENDORSES the updated Strategic Risk Register as contained within **attachment 1**, with the following amendments:
[Member moving motion to specify]
2. ENDORSES the revisions to the Risk Management Council Policy as contained within **attachment 2**, with the following amendments:
[Member moving motion to specify]
3. REQUESTS the Chief Executive Officer present a revised format of the Strategic Risk Register for presentation at a future meeting.

Option 1 is recommended.

Conclusion

The review of the Strategic Risk Register provides a more manageable and focused risk environment for the Shire to manage.

Attachments (available under separate cover)

- **6.1.1 - attachment 1** - Strategic Risk Register (E20/8711)
- **6.1.2 - attachment 2** - Revised Council Policy Risk Management - Risk Appetite Statement amendment (E25/5258)

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:

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	If the Committee recommends revision to the register, these may not be informed by sufficient operational information.	Nil	Organisational Performance	Rare	Insignificant	LOW	Nil

Voting Requirements: Simple Majority

Officers Recommendation

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

1. ENDORSES the updated Strategic Risk Register as contained within **attachment 1**.
2. ENDORSES the revisions to the Risk Management Council Policy as contained within **attachment 2**.
3. REQUESTS the Chief Executive Officer present a revised format of the Strategic Risk Register for presentation at a future meeting.



ARG12/05/25

AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION

Moved Ms Newby, seconded Mr Curulli

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

- 1. ENDORSES the updated Strategic Risk Register as contained within attachment 1 with the following amendments:**
 - **Update mitigation action 1 on risk 3 to include Federal advocacy.**
- 2. ENDORSES the revisions to the Risk Management Council Policy as contained within attachment 2.**
- 3. REQUESTS the Chief Executive Officer present a revised format of the Strategic Risk Register for presentation at a future meeting.**
- 4. REQUESTS the Chief Executive Officer review Risk 2 to assess whether infrastructure in addition to Mundijong should be reflected in the mitigation actions.**

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.



6.2 Regulation 5 and Regulation 17 Review 2025 (E25/134)	
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 <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.
Information	For the Council / Committee to note.

Report Purpose

The purpose of this report is to enable the Audit, Risk and Governance Committee to review the Regulation 17 and Regulation 5 Reviews which have been completed in accordance with the *Local Government (Financial Management) Regulations 1996* and *Local Government (Audit) Regulations 1996* and consider reporting the results to Council.

Relevant Previous Decisions of Council

There are no previous Council decisions relating to this matter.

Background

The Shire has statutory obligations to review financial management systems ('Regulation 5 Review') and review the appropriateness and effectiveness of systems and procedures in relation to risk management, internal control and legislative compliance (Regulation 17 Review). The timeframes for these reviews are set in legislation and are due to be completed in 2024-2025.

Accordingly, on 4 November 2024, Paxon Group was engaged to conduct the Reviews, facilitated by the Shire's Internal Audit function.

Community / Stakeholder Consultation

Not applicable.

Statutory Environment

Regulation 5 of the *Local Government (Financial Management) Regulations 1996* requires that the CEO undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government not less than once in every three financial years and report to the local government the results of that review.

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO is to review the appropriateness and effectiveness of a local government's systems and



procedures in relation to risk management, internal control and legislative compliance not less than once in every three financial years and report to the audit committee the results of that review.

Under Regulation 16 of the *Local Government (Audit) Regulations 1996* the functions of the audit committee include to:

- Monitor and advise the CEO when the CEO is conducting the Regulation 5 and 17 Reviews.
- Report to council the results of the Regulation 5 and 17 reviews.
- Oversee the implementation of any action accepted by Council to be undertaken following the Regulation 5 and 17 reviews.

Comment

Regulation 5 - Objective and Methodology

The objective of the Regulation 5 Review is to provide a report, based on the Auditor's understanding of the Shire's associated risks, to assist the CEO in reporting to the Committee on the appropriateness and effectiveness of the Shire's financial management systems and procedures.

The Regulation 5 Review focused on the following risk:

"that the Shire's financial management systems and procedures are not appropriate and effective."

The auditor's review covered the following:

- Proper collection of all money owing to the local government.
- Safe custody and security of all money collected or held by the local government.
- Maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process).
- Ensure proper accounting for all income, expenditure, assets, liability of the municipal or trust funds.
- Ensure property authorisation for the incurring of liabilities and the making of payments.
- Maintenance of payroll, stock control and costing records.
- Preparation of budgets, budget reviews, accounts and reports required by the Act or regulations.

Regulation 5 - Findings

The Regulation 5 Review is provided at **attachment 1** for the Committee's noting.

The auditors noted that the Shire appears to have well designed and operational processes and controls in place across financial management.

Two low-rated findings were identified relating to the system-based financial delegations not reviewed and ensuring that policies and procedures are up to date to guide financial processes.



The findings are summarised below and documented in detail within section 5 of the auditor's report contained within **attachment 1**.

Risk Area	Finding	Risk Rating
Financial Delegations/ Authorisations	Review of financial delegations	Low Risk
Policies and Procedures	Update of documents	Low Risk

Audit Finding - Review of Financial Delegations (actions are complete)

Audit Finding Summary

The Shire performs periodic reviews at least annually of its delegations in accordance with the requirements under the Local Government Act 1995 (s5.46). The Shire's Register of Delegations was last reviewed in July 2024.

An opportunity was noted for the Shire to include a review of the financial delegations within its finance system when performing its annual review of the Delegation Register including alignment of purchase order and invoice approval delegations.

Audit Recommendation

- Review the financial delegations within the finance system when performing the annual review of the Register of Delegations to ensure alignment.

*Management Comment as at February 2025 within the audit report contained in **attachment 1**:*

The financial delegations are established via the Business Operating Procedure - Authorisation to Issue Purchase Requisitions. A review of this was completed in February 2025. Officers agree that incorporating subsequent reviews into the annual Delegation Register review is a sensible approach to ensure the review occurs every year.

Target Completion Date: June 2026

Management Update May 2025:

Following the adoption of the updated Business Operating Procedure in February 2025, a review of the financial delegations within the finance system was completed by the Internal Audit Coordinator in April 2024 which included:

- Comparison of the Financial Delegation level assigned to users within the Business Operating Procedure and the finance system to ensure they aligned; and
- Review of the purchase order authorisations conducted under those delegations to ensure they were within delegation.

No non-compliances were identified. As recommended, this review will continue to occur on an annual basis.

Action is complete.



Audit Finding - Update of Documents (actions are complete)

Audit Finding Summary

The review identified that the following documents have not been recently reviewed by the Shire:

Policy Reference	Title	Last Reviewed/ Endorsed by Council
3.26	Council Policy - Corporate Purchasing Cards	December 2017
3.23	Council Policy - Investments	April 2018
3.24	Council Policy - Purchasing - Procurement of Goods and Services up to \$250,000	July 2020
3.29	Council Policy - Rates Collection and General Debtors	July 2020

The Shire performed an internal review of all Council policies in November 2024. The above policies were captured as part of that process.

Audit Recommendation

- Review and update the Council policies identified as part of the Shire's internal review exercise. Requirements for subsequent periodic reviews should also be defined.

*Management Comment as at February 2025 within the audit report contained in **attachment 1**:*

The Shire agrees with the findings and recommendation raised. The review of these 4 policies is complete, on track for Council adoption in March 2025 as part of the Council Policy Review underway.

Target completion date: 30 March 2025

Management Update May 2025:

A review of the 4 policies identified in this finding has been completed and was adopted by Council at its 17 March 2025 meeting as part of the Council Policy Review (OCM068/03/2025). Council also noted that a review of the Council Policy Manual will occur on a biennial basis.

Action is complete.

Regulation 17 - Objective and Methodology

As required under Regulation 17(b) of the *Local Government (Audit) Regulations 1996*, the objective of the Regulation 17 Review is to report on the appropriateness and effectiveness of the Local Government's systems and procedures in relation to:

1. Risk management
2. Internal controls
3. Legislative compliance.



As there was some overlap in the scope of the two reviews within the area of financial control, this was covered under the Regulation 5 review.

Regulation 17 - Findings

The Regulation 17 Review is at **attachment 2** for the Committee's noting.

Overall, the Review identified that appropriate processes are in place and operational.

The Review highlighted 3 areas for improvement within the Shire's processes and controls frameworks as follows:

Risk Area	Finding	Paxon Risk Rating
Risk Management	Risk Management Processes	Low
Internal Control	Fraud / Integrity Framework	Medium
	Codes of Conduct	Low
Legislative Compliance	Public interest disclosure (PID) information	Low
	Update of Documents	Low

Audit Finding - Risk Management Processes (actions are complete)

Audit Finding Summary

- Whilst the Shire 's Risk Management Policy provides a good description of the Shire's approach to risk management the following was noted:
 - The Policy has not been formally reviewed since September 2020.
 - There is reference to a Risk Management Framework (E19/1310) referenced within the Policy which the Shire indicated is no longer in use. However, it is unclear if this framework is going to be reviewed or has been superseded.
- Whilst the Shire has a detailed Enterprise Risk Management Continuous Improvement Plan in place, identifying clear timelines and responsible owners, it was noted that timeframes for remaining actions on the improvement plan have not been updated.

Audit Recommendation

- 5.1.1 Review and update the Risk Management Framework and Risk Management Policy to reflect the Shire's current processes for risk management. Requirements for subsequent periodic reviews should also be defined
- 5.1.2 Review and update the timeframes for completing the remaining actions on the Enterprise Risk Management Continuous Improvement Plan.

*Management Comment as at February 2025 within the audit report contained in **attachment 2**:*



The Shire agrees with the findings and recommendations raised and provide the following commentary and agreed actions.

Recommendation 5.1.1 - The Risk Management Policy has been reviewed as part of the Council Policy Review currently underway (scheduled for completion in March 2025) with further amendments (if required) to be made alongside the Strategic Risk Register Review (scheduled for completion by June 2025). Subsequent reviews will occur on a biennial basis in accordance with the newly established Council Policy Review process.

Recommendation 5.1.2 - The Shire has an estimated 0.2 FTE dedicated to Corporate Risk Management, for the following tasks:

- Strategic risk register monitoring and reporting
- Operational risk register development (project management, service team plans and ad hoc matters as required)
- Business Continuity Planning
- Staff Training
- Improvements and enhancements to the framework.

Therefore, whilst every effort is made where time and resources allow, the actions under the Enterprise Risk Management Continuous Improvement Plan take time to implement. Should the committee wish to expediate any of the actions within the plan, Officers would require additional corporate resourcing. Officers do not recommend this, as despite the low FTE, progress is being made, and additional resources would not be proportionate to the low risk identified in this report.

The Enterprise Risk Management Continuous Improvement Plan was reviewed and endorsed by the Executive Management Group in November 2024. On receipt of this report and subsequent review, there is one date that has not been adjusted to align with the progress commentary, and this has been actioned as follows:

- Enhancement of Risk Appetite - due 30 June 2025.

Target Completion Dates:

Recommendation 5.1.1 - 30 March 2025

Recommendation 5.1.2 - Completed

Management Update May 2025:

Recommendation 5.1.1 - A review of the Risk Management Policy has been completed and was adopted by Council at its 17 March 2025 meeting as part of the Council Policy Review under resolution number OCM068/03/2025.

Action is complete.

Audit Finding - Fraud Integrity Framework (action in progress)

Audit Finding Summary

The Shire is in the process of developing an Integrity Framework to consolidate its approach to fraud and misconduct prevention, however this is still in draft and based on a preliminary review of the draft Integrity Framework, some aspects of fraud management have been



included but these do not adequately address the guidance and better practice identified by OAG and the Public Sector Commission.

Recommendation

- Update and finalise the Shire's Integrity Framework leveraging guidance from the OAG and Public Sector Commission.

*Management Comment as at February 2025 within the audit report contained in **attachment 2**:*

The Shire agrees with the findings and the recommendation raised.

Target completion date: 30 June 2026

Management Update May 2025:

Project has been scheduled in the draft 2025-2026 Corporate Performance Service team plan.

Audit Finding - Codes of Conduct (actions complete and in progress)

Audit Finding Summary

The Shire's Employee Code of Conduct and Code of Conduct for Councillors, Committee Members and Candidates reflect the requirements of the Local Government (Model Code of conduct) Regulations 2021, however have not been reviewed since 2021 to determine if any updates are required to reflect the Shire's organisational changes or changes to internal processes and requirements.

Recommendation

- Review and update the Shire's Codes of Conduct for employees and elected members. Requirements for subsequent periodic reviews should also be defined

*Management Comment as at February 2025 within the audit report contained in **attachment 2**:*

The Shire agrees with the findings and recommendations raised and provide the following commentary and agreed actions.

- The review of the Shire's Employee Code of Conduct was approved in March 2025. Subsequent reviews will occur biennially.
- The review of the Elected Member Code of Conduct will occur post the Local Government Election in October 2025 and legislative amendments taking affect. Subsequent reviews will occur following each Local Government Election.

Target completion date: 31 December 2025

Audit Finding - Public Interest Disclosure (PID) Information (action complete)

Audit Finding Summary

The Shire's PID officers per it's Register of Delegations (section 2.12) published on its website is up to date. However, discrepancies were found between the information published on the website and the Shire's internal SharePoint page as well as the Public Sector Commission website (as of January 2025).



Recommendation

Review and update the Shire's PID officer details on SharePoint as well as the PSC PID officer directory.

Management Comment as at February 2025 within the audit report contained in attachment 2:

The Shire agrees with the findings and has undertaken the recommendation. It is also noted that training for the PID officers is scheduled for 28 February 2025.

Target Completion Date: Completed

Management Update May 2025:

The new PID officers (Manager Corporate Performance and Coordinator Governance) completed PID training on 28 February 2025.

Audit Finding - Update of Documents (action complete)

Audit Finding Summary

The review identified that the Shire's key documents which provide relevant information on processes to manage its legislative obligations to meet compliance requirements have not been reviewed and updated recently, namely:

- Council Policy 3.3.5 - Councillor and CEO Attendance at Events Policy (September 2020)
- Council Policy 5.3.5 - Complaints Resolution (September 2021)

These policies were captured for review when the Shire performed an internal review of all Council policies in November 2024. In addition to the above, the review also identified that the Shire's Complaints Management Procedure was last updated in February 2018.

Recommendation

Review and update the 2 documents identified. Requirements for subsequent periodic reviews should also be defined

Management Comment as at February 2025 within the audit report contained in attachment 2:

The Shire agrees with the findings and recommendation raised. The review of these 2 policies is complete, on track for Council adoption in March 2025 as part of the Council Policy Review underway.

Target completion date: 30 March 2025

Management Update May 2025:

A review of the 2 policies identified in this finding has been completed and was adopted by Council at its 17 March 2025 meeting as part of the Council Policy Review (OCM068/03/2025). Council also noted that a review of the Council Policy Manual will occur on a biennial basis.

Action is complete.



Other

The Committee should also note that the *Local Government (Audit) Regulations 1996* require the audit committee to oversee the implementation of actions resulting from a Regulation 5 and 17 Review post acceptance of the actions by Council.

It is recommended the Committee make recommendation to Council to request the CEO to provide the Committee with an update on the following outstanding actions at the Committee Meeting to be held on 25 August 2025:

- The review of the Elected Member Code of Conduct will occur post the Local Government Election in October 2025 and legislative amendments taking affect. Subsequent reviews will occur following each Local Government Election.
- Update and finalise the Shire's Integrity Framework leveraging guidance from the OAG and Public Sector Commission by 31 December 2025.

Options

Option 1

That the Audit, Risk and Governance Committee recommends Council:

1. NOTES the results of the reviews conducted in accordance with Regulation 5 of the *Local Government (Financial Management) Regulations 1996* and Regulation 17 of the *Local Government (Audit) Regulations 1996*.
2. ADOPTS the actions to be taken in response to the Regulation 5 and Regulation 17 reviews as contained within the audit reports at attachment 1 and 2 respectively.
3. REQUESTS the CEO provide the Audit, Risk and Governance Committee an update on the implementation of the actions at its 25 August 2025 Committee Meeting.

Option 2

That the Audit, Risk and Governance Committee recommends Council DOES NOT NOTE the results of the reviews conducted in accordance with Regulation 5 of the *Local Government (Financial Management) Regulations 1996* and Regulation 17 of the *Local Government (Audit) Regulations 1996*.

Option 1 is recommended

Conclusion

The results of the Regulation 5 and Regulation 17 Reviews demonstrate the Shire has appropriate and effective processes in place as it pertains to financial management, risk management, internal control and legislative compliance. Pleasingly, the findings focus on improving current systems and procedures and can be actioned within existing resources.

Attachments (available under separate cover)

- **6.2.1 - attachment 1** - Regulation 5 Review Report (E25/2710)
- **6.2.2 - attachment 2** - Regulation 17 Review Report (E25/3819)



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

Nil. The actions will be implemented within existing resources.

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 material risks associated with option 1.						
2	If the Committee do not recommend Council note the results of the reviews, the Committee (and consequently Council) would not be fulfilling its legislative responsibilities. This could lead to organisational performance from a lack of buy-in to continuous improvement	Nil	Organisational Performance	Unlikely	Minor	LOW	



Voting Requirements: Simple Majority

ARG13/05/25

AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION / Officer Recommendation

Moved Cr Duggin, seconded Ms Newby

That the Audit, Risk and Governance Committee recommends Council:

- 1. NOTES the results of the reviews conducted in accordance with Regulation 5 of the *Local Government (Financial Management) Regulations 1996* and Regulation 17 of the *Local Government (Audit) Regulations 1996*.**
- 2. ADOPTS the actions to be taken in response to the Regulation 5 and Regulation 17 reviews as contained within the audit reports at attachment 1 and 2 respectively.**
- 3. REQUESTS the CEO provide the Audit, Risk and Governance Committee an update on the implementation of the actions at its 25 August 2025 Committee Meeting.**

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.



6.3 - Update on Internal Audit Program (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 <i>Local Government Act 1995</i> .

Authority / Discretion

Information	For the Council / Committee to note.
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Report Purpose

The purpose of this report is to inform the Audit, Risk and Governance Committee of the progress of the Shire's internal audit program.

Relevant Previous Decisions of Council

Ordinary Council Meeting - 11 December 2023 - OCM292/12/23 - COUNCIL RESOLUTION / Officer Recommendation - extract
3. ADOPTS Audit, Risk and Governance Committee Resolution ARG021/11/23 and NOTES the update regarding the implementation of agreed actions to audits previously conducted and update on the 2023-24 Audit Program as described in this report.

Background

At its 27 November 2023 meeting, the Audit Risk and Governance Committee were presented with the 2023-2024 audit program, the current status of which is provided in Table 1 below.






Audit Activity	2023/2024
Asset Management	
IT General Management Controls	
Firebreak Inspections	
Health and Safety Management System	
Project Management Framework Policy	

Table 1 - Proposed Audit Program 2023-24



= Complete



= Deferred



This report provides an update on the following:

1. 2023-2024 audits update
2. Proposed 2025-2027 audit program.

Community / Stakeholder Consultation

Nil

Statutory Environment

Nil

Comment

1. 2023-2024 Audits Update

An update against each audit scheduled within the 2023-2024 audit program is provided below.

Audit: Asset Management

Status: Completed - March 2024

Comment: This was completed and presented to the Audit Committee on 18 March 2024.

Audit: IT General Management controls

Status: Completed - August 2023

Comment: This was completed and presented to the Audit Committee on 28 August 2023.

Audit: Firebreak Inspections

Status: Deferred.

Comment: The Firebreak Inspections audit was deferred as a suitable supplier to undertake the work within the scope could not be identified. Further options are now being explored.

It is proposed that this audit be absorbed in the Emergency Management Governance Review, included in the 2025-2027 audit program mentioned at item 3 below.

Audit: Health and Safety Management System

Status: Completed - May 2025

Comment: The Work Health and Safety Management System audit was initially deferred due to resourcing. This audit has now been concluded however with the audit report yet to be finalised, a report will be presented to the Committee at the next Audit Risk and Governance Committee meeting scheduled for 25 August 2025.

Audit: Project Management Framework Policy Review

Status: Deferred



Comment: The Project Management Framework Policy Review was deferred to allow sufficient time for the development and implementation of the upgraded Project Management Framework and associated software system.

It is proposed that this audit be absorbed in the Project Management Lifecycle Review, included in the 2025-2027 audit program mentioned at item 3 below.

On successful recruitment of the Internal Audit Coordinator in December 2024, the following additional audits have also been facilitated by the Shire's internal audit function:

Audit: **Compliance Audit Return 2024**

Status: Completed - February 2025

Comment: This was completed and presented to the Audit Committee on 24 February 2025.

Audit: **Regulation 5 Review 2025**

Status: Completed - March 2025

Comment: This was completed in March 2025 and is presented to the Audit Committee at Item 6.2 of this agenda.

Audit: **Regulation 17 Review 2025**

Status: Completed - March 2025

Comment: This was completed in March 2025 and is presented to the Audit Committee at Item 6.2 of this agenda.

2. Proposed 2025-2027 Audit Program

Table 3 below provides details of the proposed 2025-2027 audit program which has been endorsed by the Executive Management Group.

Proposed Audits 2025 - 2026	Audit Schedule	ARG Meeting	Budget	Strategic Risk
CRM System Review	Aug 2025	Nov 2025	\$25,000	
ICT Essential 8	Nov 2025	Feb 2026	\$15,000	8 - ICT
Compliance Annual Return 2025	Jan 2026	Feb 2026	\$5,000	7 - Legislative Compliance
Project Lifecycle Management Review Part 1	Feb 2026	May 2026	\$25,000	5 - Delivery of Major Capital Projects
• Project Planning & Procurement				
Emergency Management Governance Review	Dec 25 - May 26	Aug 2026	(funded by separate budget - \$60k)	4 - Possible loss of life, property and critical infrastructure



Total 2025/26 Budget Allocation		\$70,000		
Proposed Audits 2026 - 2027	Audit Schedule	ARG Meeting	Budget	Strategic Risk
After Hours Call Out System Review	Sep 2026	Nov 2026	\$15,000	7 - Legislative Compliance (WHS)
Project Lifecycle Management Review Part 2 • Project and Contract Management	May 2026	Aug 2026	\$25,000	5 - Delivery of Major Capital Projects
Project Lifecycle Management Review Part 3 • Project Management Framework Review	Aug 2026	Nov 2026	\$15,000	5 - Delivery of Major Capital Projects
Compliance Annual Return 2026	Jan 2027	Feb 2027	\$5,000	7 - Legislative Compliance
Total 2026/2027 Budget Allocation		\$60,000		

Table 2 - 2025-2027 Audit Program

The following ongoing internal audit activities will occur concurrent with the program outlined above:

- Outstanding audit recommendations monitoring.
- Internal controls and improvement recommendations and audit support.
- Quarterly reporting to the Audit Risk and Governance Committee on status of audit recommendations.

Options

Option 1

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

1. NOTES the status of internal audits as detailed within this report.
2. NOTES a report on the status of audit recommendations will be provided to the Audit, Risk and Governance Committee at their next meeting in August 2025.
3. ENORSES the 2025-2027 Audit Program as described in this report

Option 2

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

1. NOTES the status of internal audits as detailed within this report.
2. NOTES a report on the status of audit recommendations will be provided to the Audit, Risk and Governance Committee at their next meeting in August 2025.
3. ENORSES the 2025-2027 Audit Program as described in this report with the following amendments:

[member moving motion to specify]



Option 1 is recommended.

Conclusion

The internal audit program is progressing well and with the recommended 2025-2027 audit program all deferred audits under the 2022-2027 plan will be addressed. Officers are confident the budget allocated for the 2025-2026 audit program will be sufficient to cover all audits identified for that period. Budget for the 2026/2027 audit program will be confirmed next year. The recruitment of a dedicated officer to facilitate and coordinate the audit program is proving invaluable to ensuring continuity of the function.

Attachments (available under separate cover)

Nil

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

Costs for the audits in 2025-2026 have been included in the draft 2025-2026 annual budget for Council consideration in due course.

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 revisions may not be aligned to available resources		Organisational Performance	Possible	Moderate	MODERATE	



Voting Requirements: Simple Majority

ARG14/05/25

AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION / Officer Recommendation

Moved Ms Newby, seconded Mr Curulli

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

- 1. NOTES the status of internal audits as detailed within this report.**
- 2. NOTES a report on the status of audit recommendations will be provided to the Audit, Risk and Governance Committee at their next meeting in August 2025.**
- 3. ENORSES the 2025-2027 Audit Program as described in this report.**

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



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 6.36pm.

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 Monday, 25 August 2025.


.....Presiding Member – Councillor Mack
8-9-2025.....Date