



Shire of  
Serpentine  
Jarrahdale

# Audit, Risk and Governance Committee Meeting

## Confirmed Minutes

Monday, 28 August 2023

5:30pm

Received by Council

18 September 2023 - OCM223/09/23

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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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Minutes of the Audit, Risk and Governance Committee Meeting held in the Council Chambers, Civic Centre, 6 Paterson Street, Mundijong, on Monday, 28 August 2023.

The Presiding Member, Councillor Strange declared the meeting open at 5:30pm and welcomed Committee Members and Staff and acknowledged that the meeting was being held on the traditional land of the Noongar People and paid her respects to the Traditional Owners, Elders Past, Present and Emerging.

The Presiding Member, Councillor Strange 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.

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## Minutes

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

**Councillors:** L Strange.....Presiding Member  
R Coales  
S Mack  
M Rich (From 5:31pm)

**External Members:** Ms K Berry  
Mr J Curulli  
Ms E Newby

**Officers:** Mr P Martin.....Chief Executive Officer  
Mr R Najafzadeh.....Director Infrastructure Services  
Mr B Oliver.....Director Community Engagement  
Mr F Sullivan .....Director Corporate Services  
Mr A Trosic .....Director Development Services  
Dr K Parker .....Manager Governance and Strategy  
Ms M Gibson.....Governance Officer – Council and Committees  
(Minute Taker)

**Apologies:** Councillor T Duggin

**Observers:** Mr M Younger, Manager Information Communication Technology  
(Left at 5:55pm)

### 2. Public Questions:

Nil.

### 3. Deputations:

Nil.

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

Nil.



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**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 – 22 May 2023**

**ARG013/08/23**

**AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION**

**Moved Ms Newby, seconded Cr Rich**

**That the minutes of the Audit, Risk and Governance Committee Meeting held on 22 May 2023 be CONFIRMED (E23/6767).**

**CARRIED UNANIMOUSLY 7/0**



## 6. Reports for consideration:

<b>6.1 – CONFIDENTIAL – ICT General Controls Audit (SJ2895)</b>	
<b>Responsible Officer:</b>	Manager Governance and Strategy
<b>Senior Officer:</b>	Director Corporate Services
<b>Disclosure of Officer's 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> .

**ARG014/08/23**

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

**Moved Cr Rich, seconded Ms Newby**

**That the meeting be closed to members of the public while item 6.1 is discussed pursuant to section 5.23(2)(f) of the *Local Government Act 1995*.**

**CARRIED UNANIMOUSLY 7/0**

**At 5:33pm, the meeting went behind closed doors.**

**Officers assisting the meeting stopped the recording of the meeting.**

**ARG015/08/23**

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

**Moved Cr Rich, seconded Mr Curulli**

**That the meeting be reopened to members of the public.**

**CARRIED UNANIMOUSLY 7/0**

**At 5:47pm, the doors were reopened to members of the public.**

**Officers assisting the meeting resumed the recording of the meeting.**

**Voting Requirements:** Simple Majority

Officer Recommendation

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

1. RECEIVES the ICT General Controls Audit Report contained in CONFIDENTIAL attachment 1;
2. NOTES the Management Comment as the response provided in this report, including actions that will be implemented subject to provision of funding in the future budget processes;
3. NOTES the positive feedback from the auditor regarding the maturity level of the Shire's ICT functions.



**ARG016/08/23**

**AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION**

**Moved Mr Curulli, seconded Ms Newby**

**The Audit, Risk and Governance Committee RECOMMENDS that Council:**

- 1. RECEIVES the ICT General Controls Audit Report contained in CONFIDENTIAL attachment 1;**
- 2. NOTES the Management Comment as the response provided in this report, including actions that will be implemented subject to provision of funding;**
- 3. REQUESTS that the Chief Executive Officer present a report to Council considering additional actions.**
- 4. REQUESTS that the Chief Executive Officer review if the ICT department is adequately staffed and resourced to implement the findings of the audit.**
- 5. NOTES that the results of the ICT Audit highlight a need for additional resources to ensure that the Shire's ICT services provide a secure environment.**
- 6. REQUESTS that the Strategic Risk Register be updated to include the risks, actions and controls from this audit.**

**CARRIED UNANIMOUSLY 7/0**

**Reason for difference to Officer Recommendation**

*To ensure that the Shire's ICT services are delivered in a secure manner keeping in line with evolving cyber security risks.*

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



<b>6.2 – Update on Internal Audit Program - August 2023 (SJ2895)</b>	
<b>Responsible Officer:</b>	Manager Governance and Strategy
<b>Senior Officer:</b>	Chief Executive Officer
<b>Disclosure of Officer's 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

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

The purpose of this report is to:

- receive an update on implementation of agreed actions to audits previously conducted; and
- receive an update on the 2023-24 Audit Program.

### Relevant Previous Decisions of Council

<p><i>Ordinary Council Meeting – 19 September 2022 – OCM205/02/22 - COUNCIL RESOLUTION / Officer Recommendation - extract</i></p> <p><i>2. 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</i></p>
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### Background

In August 2022, the Audit, Risk and Governance Committee recommended to Council that the Shire conduct an audit program through the services of external consultants. The forward program included a Payroll and Leave Management Audit which was presented to the Committee in May 2023 as well as a series of audits to be conducted in 2023-24.

A timetable for the 2023-24 audits is as follows:

<b>Committee Meeting</b>	<b>Audit/review to be presented</b>
November 2023	Firebreak Inspections
February 2024	Asset Management Compliance Audit Return
May 2024	Project Management Framework Policy Health and Safety Management System audit



This report provides an update on the:

- implementation of agreed responses to audits previously conducted; and
- progress of the 2023-24 Audit Program.

### **Community / Stakeholder Consultation**

Nil.

### **Statutory Environment**

Nil.

### **Comment**

Implementation of agreed responses to audits previously conducted.

**Audit / Review** Abernethy Road Inquiry

**Status** Complete (ARG Committee May 2022) –

**Actions** Ongoing

The Abernethy Road Inquiry was a significant external and independent operational review conducted in 2022. While it was not conducted under the auspices of Internal Audit, the review's finding and management comment was presented to the Audit, Risk and Governance Committee.

As the Abernethy Road Inquiry shares many of the characteristics of an audit, progress reporting implementing agreed management comments is proposed to be undertaken as part of the reporting of the wider audit program.

<b>Action</b>	<b>Status</b>	<b>Comment</b>
Improvements to Project Management and Contract Management	Ongoing	See detailed commentary below
Consideration of amendments to procurement policy and procedures	Incomplete	See detailed commentary below

#### *Improvements to Project Management and Contract Management*

The Shire has made significant progress embedding the Shire's Project Management Framework and steps improving Contract Management.

One of the most significant advances is the embedding of the Project Board into routine Project Management. The Project Board, which is comprised of the Shire's Executive Management Group, has met 10 times so far in 2023. The standing agenda consists of the following items:

- Major Project Issues / Risks for Discussion – provides project managers with an opportunity to brief the executive on major issues and/or risks in order to obtain direction on a project's next steps.
- Change Requests – consideration of changes to a projects budget, scope or schedule.
- Project Governance – consideration of key project governance documents including initiation documents, project plans and framework enhancements.





- Stage Gates – consideration of project stage gate checklists which once completed and approved, provide project managers with the authorisation to proceed from one stage gate to the next in accordance with the framework. For example, stage gate 3 requires a project manager to complete a checklist before they are authorised to move from 'detailed design' into 'construction'.
- Monitoring and Reporting – provides a summary of the latest monthly reporting against all projects.
- Other Business – provides flexibility to table other important project management matters such as lessons learned briefing sessions.

The Project Lifecycle Management (PLM) module within OneComm has also seen significant improvement. In December 2022, the PLM module contained simple project information and monthly reports. It now contains:

- Project Plans and Schedules (enabling the completion of the majority of the project registers and the Gantt charts under 'plans')
- Change requests with an electronic approval workflow
- Stage gates with an electronic approval workflow
- Linkage to the Shire's Asset Register

The next steps to further enhance the Shire's approach to project management include:

- The development of a project complexity classification matrix to determine the application of the project management framework.
- A concerted effort to bring existing high value capital projects in line with the framework, with first efforts on the high risk and complex capital projects.
- A training program for staff.
- Further tailoring for the management of smaller projects.

After completing testing and inputting all current contracts into OneComm, along with the development of training materials, the Contract Management module is now ready for deployment. Contract management variation processes are now controlled through a variation form and greater scrutiny of requisitions that seek to vary an existing contract.

#### *Consideration of amendments to procurement policy and procedures*

The review of procurement policies is continuing. In February 2023, following Council's approval in the 2022-23 budget, a second resource was added to the Shire's procurement area. The focus in this period has been on ensuring compliance with existing purchasing rules and ensuring that procurement of frequently accessed goods and services aligns to best value for money principles.

This resource has also been an important asset in addressing issues identified in the Review of Operations and Waste, Fleet and Facilities Business Units where turnover of personnel has both necessitated training and relationship building as well as the adoption of better daily practices in respect to purchasing. The resource is also ensuring that prices on invoices received from suppliers adhere to the agreed pricing structure in the contract.



Since the last update to the Audit, Risk and Governance Committee, the Shire's Tenders and Procurement website has been updated to include further information regarding current tender opportunities and current contracts. These changes will ensure that the Shire complies with forthcoming legislative amendments. The Shire's new page also includes a Local Supplier Registration facility which allows local businesses to register their interest in supplying goods or services into the future. While this feature is in its infancy with promotion and integration into Shire procurements practices, this could become a valuable resource.

The implementation of the Shire's Project Management Framework is also resulting in improvements to procurement activities through greater scrutiny of estimates provided by suppliers in the heated construction market. Examples of this include the recent Stage 2A tender process for staff accommodation and amenity.

While a revised draft Shire purchasing policy will be presented for consideration by Council in due course, Officers contend that these improvements and enhancements to procurement practices identified above in have resulted in greater benefits in respect to management of resources and cost efficient capital infrastructure and service than revisions to the purchasing policy would have achieved alone.

**Audit / Review** Payroll and Leave Management Audit

**Status** Complete (ARG Committee May 2023)

**Actions** Complete

Action	Status	Comment
Prepare a Payroll Business Operating Procedure	Complete	The Business Operating Procedure has been approved by the Shire's Executive Management Group
Prepare a Timesheet Business Operating Procedure	Complete	The Business Operating Procedure has been approved by the Shire's Executive Management Group

Update on the remainder of the 2023-24 Audit Program

**Audit / Review** ICT General Controls Audit

**Status** Presented to Council as part of item 6.1

**Audit / Review** Firebreak Inspections

**Status** Incomplete and at risk. An expression of interest was issued to nine audit and bush fire consultancy firms in June 2023 with limited interest received and not suitable bids identified. Following discussions with WALGA and DFES, targeted procurement with several additional suppliers was undertaken in July 2023 but this has yet to identify a suitable supplier that wishes to undertake the work with the scope. Further options are being explored. At this stage completion of the audit may be delayed. Timing of the audit is complicated by the impending bush fire season.



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<b>Audit / Review</b>	Asset Management
<b>Status</b>	Not commenced. On track for presentation in February 2024. Scope is being defined, informed by the previous audit. Auditor scheduled to be appointed in September 2023
<b>Audit / Review</b>	Compliance Audit Return
<b>Status</b>	Not commenced. On track for presentation in February 2024. Auditor scheduled appointment in December 2023
<b>Audit / Review</b>	Health and Safety Management System audit
<b>Status</b>	Not commenced. On track for presentation in May 2024. Scope to be defined in October 2023
<b>Audit / Review</b>	Project Management Framework Policy
<b>Status</b>	Not commenced. On track for presentation in May 2024. Scope to be defined in January 2024

### **Options and Implications**

#### Option 1

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

#### Option 2

That the Audit, Risk and Governance Committee RECOMMENDS that Council AMENDS the 2023-23 Audit Program as follows:

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Option 1 is recommended.

### **Conclusion**

The implementation of previous audit activities as well as the 2023-24 audit program is progressing well. The availability of a suitable external entity to conduct the Firebreak Inspections audits is resulting in some risk but Officers are examining all available options to ensure that this audit is conducted in a timely and appropriate manner. Officers are also monitoring the available budget as the budget allocated for the 2023-24 audit program may not be sufficient to cover all audits this financial year.

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

Nil.



### Alignment with our Strategic Community Plan

<b>Outcome 4.2</b>	A strategically focused Council
<b>Strategy 4.2.3</b>	Provide clear strategic direction to the administration

### Financial Implications

Nil.

### 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	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

### ARG017/08/23

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

Moved Mr Curulli, seconded Ms Newby

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

**CARRIED UNANIMOUSLY 7/0**

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



<b>6.3 – Strategic Risk Register Quarterly Review Report – August 2023 (SJ2881)</b>	
<b>Responsible Officer:</b>	Manager Governance and Strategy
<b>Senior Officer:</b>	Director Corporate Services
<b>Disclosure of Officer's 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

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 – 19 June 2023 – OCM123/06/23 - COUNCIL RESOLUTION / Officer Recommendation – **extract***

*That Council:*

- 3. ADOPTS Audit, Risk and Governance Committee Resolution ARG009/05/23 and NOTES the Strategic Risk Register Review as contained within this paper; ENDORSES the updated Strategic Risk Register as contained within attachment 1; and NOTES the Strategic Risk Register will be further reviewed in the context of the Operations Centre Structure Review (including Waste Transfer Station) at the next quarterly review.*

### 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 – August 2023

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 – August 2023**

##### **1. Changes to Risk Ratings**

- Nil.

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

- Nil.

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

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

###### **Risk 2 (Organisational Workforce)**

- Action 11 – *Operations Centre Structure Review (including Waste Transfer Station)* is complete. This action has not been moved to controls at this time; the following new action has been added as the next stage in this process: '*Action plan including milestones and timelines for achievement, to address recommendations and actions from the report titled 'Review of Operations and Waste, Fleet and Facilities Business Units'*'. (see new actions for Risk 2 below).

###### **Risk 11 (Community Engagement)**

- Action 3 - *Incorporate community engagement training into staff inductions* is complete and added as Control 14.



### **Actions amended**

#### **Risk 2 (Organisational Workforce)**

- Action 7 – *Implement the new office accommodation plan* action has been retitled for clarity, to '*Implement the new office accommodation plan: Staff Amenities (Stage 2a)*' and the target date updated to 30 June 2024 (was 31 December 2023). Furthermore, future stages of the project are now listed: *Council Chambers (Stage 2b)* with target date of 31 March 2025, and the final stage of *Office Accommodation Upgrade (Stage 2c)* with a target date of 30 June 2026. This project finish date aligns with the recently adopted Corporate Business Plan (SCM017/07/23).
- Action 9 – *Investigate the use of contractors to address resource shortage within the Parks and Gardens Business Unit* updated to 'In Progress' (was 'Not Started').
- Action 10 – *Depot Accommodation Upgrades* target date amended to 31 December 2023 (was 30 June 2023) to align with the recently adopted Corporate Business Plan (SCM017/07/23). Significant progress has been made on the project including completion of site works and building installation, installation of external services, completion of courtyard civil works and achievement of Temporary Occupancy. The canopy install, workshop extension, and access and inclusion components of the project are on track to be completed by 31 December 2023.

#### **Risk 4 (Organisational Capability)**

- Action 1 – *Finalisation of scheme no. 3* target date updated to 30 September 2023 (was 30 June 2023) subject to Gazettal (previously subject to Minister approval and Gazettal). Control 1 has been updated to reflect Minister approval that occurred in May 2023.

#### **Risk 6 (Bush Fire Management)**

- Action 2 – *Prepare bush fire management plans for all outstanding Shire reserves and a schedule of implementation works in accordance with management plans* has been retitled to *Prepare bush fire management plans for Shire reserves adjacent to assets assessed as 'high risk' or above* with target date amended to 31 January 2024 (was 30 June 2023). As part of the Shire's 5-year review of the Bush Fire Risk Management Plan currently underway, Officers review and update all existing risk assessments and map any new assets and infrastructure. Any parcels mapped as 'high risk' or above, adjacent to Shire reserves, initiate a bush fire management plan and are scheduled for treatment with the aim to reduce the risk to assets. The current focus for Officers is to prioritise the implementation of management plans for Shire reserves adjacent to assets assessed as 'high risk' or above (rather than all Shire reserves), to effectively manage the initial mitigation work and ongoing maintenance required, based on current workforce capacity.
- Action 14 - *Prepare the 5-year Reserve (Natural Area Reserves) management plan for Council consideration* target date has been amended to 31 January 2024 (was 30 June 2023). The requirement of extension of this project was identified in the last risk report, due to the significant research and planning work required, with limited resources.
- Action 18 - *Develop a long term / further detailed schedule including timelines and costings for roadside verges for rural roads* updated to 'In Progress' (was 'Not Started'). Target date has been amended to 30 June 2024 (was 31 December 2023) to align with the recently adopted Corporate Business Plan (SCM017/07/23). The



Operations Manager position, vacated in January was since filled in May 2023. Review of available audit results and asset data is now underway, to inform the development of clearly defined schedules to align with Council and community consultation outcomes. Additionally, 1 x Technical Officer FTE is budgeted in 2023-24 to support delivery of maintenance plans for key assets.

Risk 7 (Environmental Sustainability)

- Action 7 – *Implementation of FOGO* target date amended to 30 June 2025 (was 20 June 2024) to align with the recently adopted Corporate Business Plan (SCM017/07/23). A FOGO Processing Facility Feasibility Plan was presented to Council in June 2023 (OCM146/06/23). Council resolved that a Waste Composition Audit be undertaken, and findings are reported back to Council in March 2024, for consideration. This is an important step given the significant financial implication of implementing FOGO. Therefore, FOGO implementation is deferred by 12 months to enable this audit to occur.

Risk 8 (Asset Management)

- Action 6 - *Develop detailed maintenance schedules for all playgrounds* updated to 'In Progress' (was 'Not Started'). Target date has been amended to 30 June 2024 (was 30 December 2023) to align with the recently adopted Corporate Business Plan (SCM017/07/23). The Operations Manager position, vacated in January was since filled in May 2023. Review of available audit results and asset data is now underway, to inform the development of clearly defined schedules to align with Council and community consultation outcomes. Additionally, 1 x Technical Officer FTE is budgeted in 2023-24 to support delivery of maintenance plans for key assets.

Risk 11 (Community Engagement)

- Action 1 – *Undertake the Major Review of the Strategic Community Plan* target date amended to 31 March 2024 (was 30 September 2023), to align with the recently adopted Corporate Business Plan (SCM017/07/23). A draft Council Plan 2023-2033 was presented to Council in June 2023 and endorsed for public advertising (OCM151/06/23). Given the State Government is implementing changes to the *Local Government Act 1995*, which includes proposed changes to the Integrated Planning and Reporting Framework, including the introduction of Council Plans, a copy of the Shire's draft Council Plan will also be forwarded to the Department of Local Government, Sport and Cultural Industries for feedback. Collective feedback will be presented to Council at a future workshop, post the 2023 Local Government elections.

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

- Action 4 - *Keirnan Park Recreation Precinct (Construction of Stage 1A)* target date is amended to 31 December 2025, to align with the recently adopted Corporate Business Plan (SCM017/07/23), and Project Management Framework. Irrigation Water Source and funding agreement status and progression has impacted the delivery schedule. Detailed design for Stage 1A is complete, and the H2 ground water investigation is underway.

Risk 15 (Worker Work Health and Safety)

- Action 6 - *Undertake an internal WHS audit on the Safety Management System* target date is amended to 31 May 2024 (was 30 September 2023) to align with the Shire's internal audit schedule, developed following Council's resolution to conduct





performance audit functions through the appointment of external contractors and set a forward program for audit (OCM205/09/22).

- Action 10 - *Implementation of agreed high risk actions related to Bushfire Brigades (ARG009/02/22)* due date amended to 30 September 2023 (was 30 June 2023). Of the 28 high risk actions identified, 26 are complete. The 2 outstanding actions are: registration with Worksafe of air compressor at Jarrahdale Station, and storage of flammable goods at Byford Station. The target date for completion of outstanding high-risk actions is 30 September 2023.

#### **New actions**

##### Risk 1 (Culture)

- Action 4 – *Action plan including milestones and timelines for achievement, to address recommendations and actions relating to the focus areas of 'Leadership and Culture', and 'The People', from the report titled "Review of Operations and Waste, Fleet and Facilities Business Units" (due 30 June 2024).* This follows Council's resolution in June 2023 to incorporate recommendations and actions into the Corporate Business Plan (OCM144/06/23).

##### Risk 2 (Organisational Workforce)

- Action 12 – *Action plan including milestones and timelines for achievement, to address recommendations and actions from the report titled "Review of Operations and Waste, Fleet and Facilities Business Units" (due 30 June 2024).* This follows Council's resolution in June 2023 to incorporate recommendations and actions into the Corporate Business Plan (OCM144/06/23).

#### **4. Other**

##### Risk 6 (Bush Fire Management)

- Several amendments to controls have been made following review and consolidation of the controls by the risk owner (Director Community Engagement) as detailed in **attachment 2** including the addition of Control 4 – *Regulatory compliance in accordance with the Bush Fires Act 1955 and subsidiary legislation*, which replaces several controls relating to enforcement, non-compliance and prosecution (Controls 7, 11 and 30).

##### Risk 3 (Financial Sustainability)

- Action 15 – *Annual strategic financial report to Council (as part of the budget setting process)* has been added as a control.

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



## 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 two actions resulting in one new control, three actions previously not started now in progress, and six actions having due dates extended to align with the Corporate Business Plan (adopted by Council in July 2023). Target dates for four actions have been amended due to resource capacity or external approval delays.

As previously reported to the Committee, and following the report presented to Council in June 2023 titled 'Review of Operations, and Waste, Fleet and Facilities Business Units' (including Depot and Waste Transfer Station), several mitigation actions already assigned to the Operations department may be extended, once considered in priority order in context of the resulting recommendations.

In the interim, adoption of the 2023-24 annual budget sees an additional 6 FTE positions in the Operations, Fleet and Facilities business units, to increase resource capacity and address the findings in relation to Risk 2 – (Organisational Workforce) concerning insufficient resources and misalignment of structure with workloads and delivery plans. It should be noted that some of the resulting recommendations and actions identified in the review were already in development or underway; whilst other actions may not require budget allocation but do require consideration and prioritisation based on organisational capacity.

A future report will be presented to Council regarding prioritisation of the resulting recommendations and actions in preparation for the 2024-25 annual budget and long-term financial planning, including timeframes for delivery.



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)**

- **6.3 – attachment 1** – Strategic Risk Register (E20/8711)
- **6.3 – attachment 2** – Strategic Risk Register – Tracked Changes (E23/10642)

**Alignment with our Strategic Community Plan**

<b>Outcome 4.1</b>	A resilient, efficient and effective organisation
<b>Strategy 4.1.1</b>	Provide efficient, effective, innovative, professional management of Shire operations to deliver the best outcome for the community within allocated resources
<b>Outcome 4.2</b>	A strategically focused Council
<b>Strategy 4.2.2</b>	Ensure appropriate long term strategic and operational planning is undertaken and considered when making decisions
<b>Strategy 4.2.3</b>	Provide clear strategic direction to the administration

**Financial Implications**

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	Risk Rating	
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	LOW	Nil
3	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

**ARG018/08/23**

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

**Moved Ms Berry, seconded Ms Newby**

**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.**

**CARRIED UNANIMOUSLY 7/0**

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



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**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 6:11pm, and extended her thanks to all members of the Committee for their time and expertise on the Committee.

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 27 November 2023 [rescheduled from 6 November 2023].

.....Presiding Member – CASHMERE MACK  
.....27/11/2023.....Date