



Shire of
Serpentine
Jarrahdale

Audit, Risk and Governance Committee Meeting

Agenda

Monday, 28 February 2022

5:30pm

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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)



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Dear Committee Member

An Audit, Risk and Governance Committee Meeting of the Shire of Serpentine Jarrahdale will be held on Monday, 28 February 2022 in the Council Chambers, Civic Centre, 6 Paterson Street, Mundijong – commencing at 5:30pm.

Paul Martin

Chief Executive Officer

18 February 2022

Agenda

1. **Attendances and apologies (including leave of absence)**
2. **Petitions and deputations:**
3. **Declaration of Councillors and Officer's interest:**
4. **Receipt of minutes or reports and consideration of adoption of recommendations from Committee meetings held since the previous Council meetings:**
 - 4.1 **Minutes of previous Audit, Risk and Governance Committee Meetings:**
 - 4.1.1 - **Audit, Risk and Governance Committee Meeting – 15 November 2021 [rescheduled from 1 November 2021]**

That the minutes of the Audit, Risk and Governance Committee Meeting held on 15 November 2021 [rescheduled from 1 November 2021] be CONFIRMED (E21/13917).
 - 4.1.2 - **Special Audit, Risk and Governance Committee Meeting – 14 February 2022**

That the minutes of the Special Audit, Risk and Governance Committee Meeting held on 14 February 2022 be CONFIRMED (E22/1784).



5. Reports for consideration:

5.1 Reports:

5.1.1 – 2021 Compliance Audit Return (SJ2484)	
Responsible Officer:	Manager Governance
Senior Officer:	Director Corporate Services
Disclosure of Officers 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

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 2021 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.

Community / Stakeholder Consultation

Policy Concept Forum

Nil.

Statutory Environment

Section 7.13(1)(i) of the Act requires local governments to carry out a compliance audit in a manner specified 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 2021 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
- Tenders of Providing Goods and Services
- Optional Questions

The 2021 Compliance Audit Return was made available to local governments in the second week of January 2022.

Findings

The 2021 Compliance Audit Return identified 1 non-compliance as follows:

Local Government Employees				
No	Reference	Question	Response	Comment
2	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	No	<p>One vacancy of a Senior Employee was advertised nationally through seek.com, Local Government Job Directory (national publication), LinkedIn and through a recruitment agency but was not advertised via state-wide public notice.</p> <p>This non-compliance was noted in the report to Council at the Special Council Meeting on 29 March 2021.</p> <p>In addition, the Shire wrote to the Department in April 2021 to self-report the non-compliance (refer OC21/9505).</p>



The Committee should also note that there are 2 questions where, due to timing, compliance information cannot yet be provided as follows:

Finance				
No	Reference	Question	Response	Comment
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	No	<p>At the time of completing this Compliance Audit Report, the auditor's report for the financial year 30 June 2021 had not been submitted to Council.</p> <p>In accordance with legislation, the report addressing the one significant matter identified in the Audit Report is planned to be considered by the Audit Committee on 14 February and Council on 21 March 2022 respectively.</p> <p>Due to these timelines, it is not possible to provide compliance information to this question prior to the due date of the Compliance Audit Return (the CAR will be considered by Council on 21 March 2022).</p>
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	N/A	Refer to previous question for an explanation as to why compliance information cannot be provided at this time.

Officers will ensure the compliance information is forwarded to the Department as soon as it is practicable. In relation to this matter, the Committee were made aware of the one significant matter reported in the interim Auditor's Report that was included in the Auditor's Report tabled at the 14 February Special Committee Meeting.



The matter related to daily banking reconciliations, cash count and banking and resulted in the following corrective actions:

- Daily banking reconciliations to be signed by the reviewer moving forward
- Multiple staff be able to make regular deposits

These actions were completed in time for the final Auditor's Report.

As noted in the Officer report, these actions have been implemented and are complete. Additionally, the Shire's Internal Auditor has conducted an independent assurance check and at the time of the review audit has confirmed these actions are implemented.

Internal Audit Review

The responses to the Compliance Audit Return have been reviewed by the Shire's Internal Auditor.

The objective of the Internal Auditor's review is to provide assurances in relation to the following areas:

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

The areas of focus for the sampling were:

- Tendering for Goods and Services
- Finance
- Official Conduct
- Disposal of Property
- Delegation of Power / Duty

The internal audit report at **attachment 2** concluded that the "*CAR was considered to be presented based on suitable consultation and evidence within the Shire*".

Options and Implications

Option 1

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

1. APPROVES the 2021 Compliance Audit Return for the period 1 January 2021 to 31 December 2021, 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 2021 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 2021 to 31 December 2021.



Option 1 is recommended.

Conclusion

The 2021 Compliance Audit Return demonstrates the Shire’s overall strong compliance with legislative requirements.

Attachments (available under separate cover)

- **5.1.1 - attachment 1** – Compliance Audit Return 2021 (E22/1676)
- **5.1.1 - attachment 2** - Review of processes and generation of the 2021 Compliance Audit Return - Internal Audit Report (E22/1685)

Alignment with our Strategic Community Plan

Outcome 4.1	A resilient, efficient and effective organisation
Strategy 4.1.1	Provide efficient, effective, innovative, professional management of Shire operations to deliver the best outcome for the community within allocated resources

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 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

Officer Recommendation

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

- 1. APPROVES the 2021 Compliance Audit Return for the period 1 January 2021 to 31 December 2021, 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 2021 Compliance Audit Return being submitted to the Department of Local Government, Sport and Cultural Industries.**

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



5.1.2 - Regulation 5 and Regulation 17 Reviews (SJ3653)	
Responsible Officer:	Manager Governance and Strategy
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 Committee/Council 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 enable the Audit, Risk and Governance Committee to review the Regulation 17 and Regulation 5 reviews 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

<p><i>Ordinary Council Meeting – 13 December 2021 - OCM332/12/21 - COUNCIL RESOLUTION / Officer Recommendation – extract</i></p> <p><i>2. That Council ADOPTS Audit, Risk and Governance Committee Resolution ARG014/11/21 and NOTES progress of the reviews conducted in accordance with Regulation 5 of the Local Government (Financial Management) Regulations 1996 and Local Government (Audit) Regulations 1996.</i></p>
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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 2021-22.

In November 2021, the Committee were advised of the Shire's progress towards the review; namely the engagement of Paxon Group to conduct the reviews and that the reviews will be provided to the Committee for their consideration in February 2022.

Community / Stakeholder Consultation

Nil.



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; and
- 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 Regulation 5 Review covered the period of 1 July 2020 to 31 October 2021.

The methodology for the Regulation 5 Review comprised of the following steps:

- An initial meeting with management to obtain an understanding of processes and potential issues;
- Development of overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluation of the effectiveness of the design of controls to cover the identified risk and test the operation of the key controls;
- Follow up and confirmation that action has been taken on any previous business issues identified and recommendations made;
- Research of the issues, weaknesses and potential improvements noted from discussions and review of the existing processes and identified key controls;



- Development of appropriate recommendations for improvement for discussion with management;
- Provision of a draft report of findings and recommendations and obtain formal responses from management; and
- Provision of a final report for distribution to management and the Committee.

Regulation 5 - Findings

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

Overall, the review has identified that the design of finance management processes are appropriate but in some areas the operation and in particular evidencing the operation and who performed the control could be strengthened.

As noted within section 5 of the report, Paxon identified the following areas of strength:

- All previous audit findings raised in the Regulation 5 review performed in 2019 and reported to the Audit, Risk & Governance Committee in August 2019 have been effectively resolved
- Financial risk assessments are performed
- Policy and internal guidance documents are in place
- Processes are in place for the collection of debt, referral to debt collection where required and writing off bad debt
- Appropriate processes are in place for the handling and banking of money received by the Shire
- Delegated authorities are in place and based upon testing, adhered to
- Segregation of duties, systems access and independent oversight of processes are in place and appear appropriate
- Processes are in place to appropriately manage investments in line with requirements
- Procurement processes and controls are increasingly system based and largely operational
- Payroll processes are appropriately designed
- Fuel stocks are appropriately controlled
- Budgeting and cost control processes are in place

The opportunities for improvement to existing processes are outlined in the 'Detailed Audit Findings' section of the report. In summary, these relate to:

- Ensuring purchase orders are raised in advance of requesting services and ensuring invoices without purchase order numbers are returned to the supplier;
- Ensuring approval signatures on payroll reports include the position title of the signatory; and
- Ensuring reconciliations have evidence of being performed and reviewed.



The actions in response to the audit findings as agreed by the Shire’s Executive Management Group are detailed within the ‘Management Comment’ sections of the report and are summarised below.

Focus Area	Action/s	Due Date
1. Purchasing Process Compliance	1. Adherence with purchasing policy will be the focus of procurement training for new and existing staff. 2. A reminder will be sent to all creditors of their obligation to comply with Purchase Order Terms and Conditions that require Tax Invoices to contain a purchase order number.	31 March 2022
2. Evidencing Review of Payroll Reports	The signatory of the reviewer will include their position title.	Immediately
3. Evidencing Performance and Review of Reconciliations	As this finding was also raised during the Interim Audit for the year ending 30 June 2021 (conducted in May 2021), process improvements have already been made to have physical evidence that reconciliations are being performed and subsequently reviewed. This was achieved in September 2021 and from October month end, reconciliations were electronically signed by both the preparing and reviewing Officers.	Completed

In relation to the actions against focus areas 2 and 3 above, the Committee should note that the Shire’s Internal Auditor has conducted an independent assurance check and at the time of the review audit has confirmed these actions are implemented.

Regulation 17 - Objective and Methodology

The objective of the Regulation 17 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 systems and procedures in relation to risk management, internal control and legislative compliance. The Regulation 17 Review focused on the following risk:

“that the Shire’s systems and procedures in relation to risk management, internal control and legislative compliance are not appropriate and effective.”

The Regulation 17 Review period and methodology is the same as the Regulation 5 review (refer previous section).

Regulation 17 - Findings

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

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

The ‘Areas of Strength’ sections at the beginning of each focus area within the report notes the Shire’s good practices within several processes reviewed. These include, but are not limited to, the following:

- An effective risk management framework which includes service plan risks, a risk policy and strategic risk register in place.



- An “Enterprise Risk Management – Continuous Improvement Plan” which provides a roadmap to “further embed and strengthen risk management at the Shire of Serpentine Jarrahdale.”
- A Business Continuity Plan exists which applies practical experience gained during Covid-19 lockdowns.
- Access to the Shire’s financial system and payroll system is limited to appropriate employees.
- The Shire has created a framework to help ensure compliance with the *Local Government Act 1995* stipulations regarding delegations and authorisations.
- A comprehensive procurement framework which focuses on integrity and includes transparent policies and procedures.
- The Shire has implemented an effective legislative compliance framework which includes plans, policies, codes of conduct, registers and a compliance calendar.
- A sample of the Shire activities examined found the Shire complied with local government legislation and regulations.
- Plans are put in place to accommodate changes to compliance requirements e.g. changes to the OSH Act in 2022.

The opportunities for improvement to existing processes are outlined in the ‘Audit Finding’ sections of the report. In summary, these relate to:

- Updating and finalising Team Plans to include comprehensive risk management documentation and remediation at an operational risk level;
- Updating Team Plans to include legislative requirements; and
- Developing and implementing a process to review all Council policies on a defined and regular basis.

The actions in response to the audit findings as agreed by the Shire’s Executive Management Group are detailed within the ‘Management Comment’ sections of the report and are summarised below.

Focus Area	Action/s	Due Date
1. Risk Management	<ol style="list-style-type: none">1. Ensure Service Team Plans are documented and in place for each business unit of the Shire no later than 30 September each year.2. Review Council Policy Risk Management in relation to Risk Appetite to determine whether the current acceptance levels are appropriate and ensure Risk Registers within Service Team Plans for 2022-23 comply with these levels.3. Review the Enterprise Risk Management – Continuous Improvement Plan to ensure action due dates and commentary are correct.	30 September 2022



	4. Investigate the expansion of PPLGS (PPLGS is the Corporate Business Plan Reporting Module in OneComm) to facilitate reporting against Service Team Plans	
2. Internal Control	Policy/procedure review schedule and process across the Shire including consideration of a document control system (as identified on the Strategic Risk Register). In addition, consider establishing a policy review group/committee for the review of Council policies.	30 June 2022
3. Legislative Compliance	Ensure Service Team Plans record compliance instruments for each identified task or, where this is not applicable, document that there is no requirement.	30 September 2022

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 recommend Council request the CEO provide the Committee an update on the implementation of the actions at the November 2022 Committee Meeting. This timeline aligns to the earliest Committee Meeting following the latest action due date of 30 September 2022.

Options and Implications

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 November 2022 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)

- **5.1.2 - attachment 1** – Regulation 5 Review – Final Report (E22/1367)
- **5.1.2 - attachment 2** – Regulation 17 Review – Final Report (E22/677)

Alignment with our Strategic Community Plan

Outcome 4.1	A resilient, efficient and effective organisation
Strategy 4.1.1	Provide efficient, effective, innovative, professional management of Shire operations to deliver the best outcome for the community within allocated resources

Financial Implications

Nil. The Actions will be implemented within existing resources.

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 material risks associated with option 1.						
2	If the Committee do not recommend Council note the results of the reviews, the audit 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	Nil



Voting Requirements: Simple Majority

Officer Recommendation

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 November 2022 Committee Meeting.**

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.



5.1.3 – Strategic Risk Register Quarterly Review Report – February 2022 (SJ2881)	
Responsible Officer:	Manager Governance and Strategy
Senior Officer:	Director Corporate Services
Disclosure of Officers 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 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

<p><i>Ordinary Council Meeting – 13 December 2021 – OCM332/12/21 - COUNCIL RESOLUTION - extract</i></p> <p><i>6. That Council ADOPTS Audit, Risk and Governance Committee Resolution ARG018/11/21 and NOTES the Strategic Risk Register Review as contained within this paper, and ENDORSES the updated Strategic Risk Register as contained within attachment 1, with the inclusion of:</i></p> <ul style="list-style-type: none"><i>• A new action under Risk Reference 6, being the preparation of a Register of Properties where an incident must be responded to by career Fire Officers, with a report on the matter being presented to Council.</i><i>• In Risk Reference 8, include future reference to Asset Replacement Funding.</i>

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. The next review is due no later than 30 June 2025.

Comment

Strategic Risk Register Quarterly Review – February 2022

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 2022

1. Changes to Risk Ratings

- Risk 14 (Emergency Management) - In light of the current COVID-19 outbreak and the inevitable opening of borders, the Likelihood Rating has been upgraded from 'Unlikely' to 'Likely', resulting in an overall level of risk increase from 'MODERATE' to 'SIGNIFICANT'. The need to review and update the current COVID-19 controls has been added as a new mitigation strategy as detailed below.

All other risk ratings were determined as accurate.

2. New and Emerging Risks

- Due to the current state of economy primarily driven by the impacts of COVID-19, the Executive Management Group have detailed new risk 16 "*Market factors impacting the delivery of major capital projects on time and within budget*" as an emerging area of risk for the Shire. Whilst the causes for this risk are largely uncontrollable, the identification and quantification of the risk helps to ensure its



impacts are understood and reasonably managed. The Committee should note that the risk is intended to be specific and narrow to the current economic challenges.

3. Updates to Risk Mitigation Strategies

Actions complete and moved to controls

Risk 2 (Organisational Workforce)

- Action 1 - *Review staff recognition and reward program* is complete and added as Control 9.
- Action 6 - *Review parity of salaries across the organisation program* is complete and added as Control 10.

Risk 7 (Environment Sustainability)

- Action 2 - *Create the Significant tree register / tree protection registers focused initially on Crown land, Shire owned land and Shire managed reserves only* is complete and added as Control 20.
- Action 3 - *Enhance the Shire's processes to ensure environmental impacts are considered for all major projects across the Shire* is complete and added to Control 9.
- Action 4 - *Report to Council on options to respond to the prospect of further bauxite mining within the State forest surrounds of Jarrahdale* is complete and added as Control 21. The next step in the process (to respond to the environmental impact assessment) has been added as a new mitigation action as outlined below.
- Action 6 - *Negotiate a sustainable power purchase agreement through WALGA for high power use sites that provides for the use of power generated through renewable sources* is complete and added as Control 22.

Risk 12 (Desirable place - Economy)

- Action 4 – *Develop West Mundijong Industrial Area Local Structure Plan* is complete and added as Control 21.

Risk 12 (Desirable place - Economy) and Risk 13 (Desirable place - Vibrant community in a rural setting)

- Action 5 and Action 4 respectively – *Establish a Town Team in the Byford CBD* is complete but at this stage has not been added as a control. First initiatives are funded and underway but until these are delivered it is not yet known if this will have an impact on controlling the risk.

Risk 14 (Emergency Management)

- Action 4 - *Undertake Emergency Response Training for Emergency Response Procedures* is complete and added as Control 9.
- Action 5 - *Undertake Warden Training* is complete and added as Control 10.
- Action 6 - *Undertake Evacuation Exercise* is complete and added as Control 11.

Risk 15 (Employee Work Health and Safety)

- Action 1 - *Undertake a Work Health and Safety review and gap analysis to inform the mitigation action required and detail these on the risk register* is complete and added as Control 11. The next step in the process (resourcing and planning) has been added as a new mitigation action as outlined below.



- Action 2 - *Review and update the MySafety system* is complete as it is now in use at the Operations Centre. The MySafety System is already noted as Control 5.

Actions amended

Risk 1 (Culture)

- Action 2 – *Implement the Training and Talent and Succession Part One OneComm Modules* **status** amended to 'In Progress' (was Not Started).

Risk 2 (Organisational Workforce)

- Action 3 - *Review the performance appraisal system* **status** amended to 'In Progress' (was Not Started).

Risk 3 (Financial Sustainability)

- Action 1 - *Progress developer contribution plans (DCP's for Byford and Mundijong - amendment schemes 208 and 209)* **due date** amended to 30 April 2022 (was 30 December 2021). The Shire is still awaiting approval of these plans by the WA Planning Commission (endorsed by Council in November 2020).
- Action 2 - *Investigate routine reporting to Council on the status of grant funded works* **due date** amended to 30 June 2022 (was 30 December 2021). With the recruitment of the Project Management Office Lead, development of methodology and implementation of capital works in OneComm all underway, this action will be integrated and aligned to this initiative.

Risk 4 (Organisational Capability)

- Action 1 - *Finalisation of scheme no. 3* **due date** amended to 30 June 2022 (was 30 December 2021). The Shire is still awaiting approval of these plans by the WA Planning Commission (scheme endorsed by Council in June 2020).
- Action 3 - *Formulate and finalise the new local heritage survey* **description** updated to 'Undertake community consultation and complete the new local heritage survey' and the **due date** set to 30 June 2022. This aligns to the adoption of the local heritage survey by Council in December 2021 and the community engagement currently underway.
- Action 4 - *Finalise developer contribution plans for Byford and Mundijong* **due date** amended to 30 April 2022 (was 30 December 2021). The Shire is still awaiting approval of these plans by the WA Planning Commission (endorsed by Council in November 2020).

Risk 5 (Organisational Efficiency)

- Action 4 - *Policy/procedure review schedule and process across the Shire including consideration of a document control system* **status** amended to 'In Progress' (was Not Started).

Risk 6 (Bush fire management)

- Action 6 - *Investigate options to improve the management of Shire reserves and roadside drains as it relates to the mitigation of bush fire risk and detail the agreed actions as mitigation strategies* **removed** and replaced with actions 13 to 17. Urgent mitigation slashing works were carried out on Mundijong Road and the new actions represent the plan to improve bushfire mitigation for roadside verges and open drainage going forward.



Risk 7 (Environment Sustainability)

- Action 5 - *Research and report to Council on options for a Climate Change action plan for the Local Government* **status** amended to 'In Progress' (was Not Started).

Risk 8 (Asset management)

- The following actions **status** amended to 'In Progress' (was Not Started)
 - Action 6 – *Implement a process for the acceptance of state government land management orders to ensure these reserves are adequately maintained*
 - Action 7 - *Implement a process for transfer of asset information from developers to Shire's Operations Team to ensure maintenance of parks and gardens are appropriately resourced at time of handover*

Risk 9 (Partnerships / alliances)

- Action 3 - *Explore opportunities for alliances with north and west local government groupings* **status** amended to 'In Progress' (was Not Started).

Risk 10 (Stakeholder management)

- Action 1 - *Stakeholder matrix / management plan* **status** amended to 'In Progress' (was Not Started).

Risk 11 (Community engagement)

- Action 3 - *Consult with Council to ascertain mitigation strategies for the community engagement risk and detail these on the register once known* **status** amended to 'In Progress' (was Not Started).

Risk 12 (Desirable place – Economy)

- Action 7 - *Heritage Park Business Case* **status** amended to 'In Progress' (was Not Started).
- Action 8 - *Jarrahdale Equine Trails Network Concept Plan* **due date** amended to 31 March 2022 (was 31 December 2021). A draft report has been received; however, Officers need additional time to consult with DBCA on the next steps and formal contract closure process.

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

- Action 2 - *Develop a Community Activation Strategy and action plan* **status** amended to 'In Progress' (was Not Started).
- Action 5 - *Equine Facility Feasibility Study* **removed** and replaced with action 6 (Equine Facility Masterplan). At the December Ordinary Council Meeting, Council agreed to remove the Equine Facility Feasibility Study and replace it with the Equine Facility Masterplan. The Feasibility will be considered for delivery in 2022-23 through the annual budget setting / CBP review process.

New actions

Risk 6 (Bush Fire Management)

- As described above, the following actions have been added to represent the plan for improving bushfire mitigation for reserves and open drainage as a replacement for action 6:



- Action 13 - *Develop an interim schedule for open drains and roadside verges for rural roads* due 30 September 2022.
- Action 14 - *Prepare the 5-year Reserve (Natural Area Reserves) management plan for Council consideration* due 30 June 2023.
- Action 15 - *Update / Improve asset data for drains and roadside verges to inform maintenance schedules* due 30 June 2023.
- Action 16 – *Review the level of service as it pertains to open drains and roadside verges with Council* due 30 September 2023.
- Action 17 - *Develop new maintenance schedules for open drains and roadside verges based on improved data and agreed level of service* due 31 December 2023.

Risk 7 (Environment 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* due 30 June 2022. This follows as the next step following the report to Council completed in December 2021.

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

- Action 6 – *Equine Facility Masterplan* due 31 July 2022. This follows the decision by Council in December 2021 to complete the Masterplan instead of the feasibility in 2021-22.

Risk 14 (Emergency Management)

- Action 7 – *Review internal processes for managing COVID risk in the workplace including the Council Policy. Continue to amend processes as matters progress* due 21 February 2022. This action has been added in light of the current COVID-19 outbreak and consequential risk increase.

Risk 15 (Employee Work Health and Safety)

Action 4 - *Review Work Health and Safety review and gap analysis with OSH Committee and Executive Management Group to determine final actions, resources and planning. Present the findings to Council and place final actions on the risk register* due 30 April 2022. As described above, this follows the completion of the Health and Safety review and gap analysis.

4. Other

Risk 9 (Partnerships / alliances)

- Added control 7 - *CEO membership on the West Port Local Government Reference Group*

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 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 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 Council:

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

Option 1 is recommended.

Conclusion

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.

This quarterly report outlines substantial progress towards the mitigation actions on the risk register, with 13 now complete and an additional 11 now underway. Several of the additional actions to the register are consequential to the completion of actions and demonstrates the Executive's efforts to continue to lower the risk into Council's appetite. Whilst one risk level has increased relating to Emergency Management, this is not unexpected given the current uncertainty with COVID-19. The work underway to update the management plans for COVID-19 is likely to reduce the risk back to its previous level in the coming months.

Attachments (available under separate cover)

- **5.1.3 - attachment 1** – Strategic Risk Register (E20/8711)
- **5.1.3 – attachment 2** - Strategic Risk Register – Tracked Changes (E21/12268)



Alignment with our Strategic Community Plan

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

Financial Implications

There are no financial implications associated with this report.

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

Officer Recommendation

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.**

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.



5.1.4 – Update Report on Work Health and Safety Reforms and Bushfire Brigade Preparation (SJ403)

Responsible Officer:	Director Development Services
Senior Officer:	Director Development Services
Disclosure of Officers 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

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

The purpose of this report is to update Council (via its Audit, Risk and Governance Committee), in respect of the Audit work that has been performed subsequent to the report presented at the 15 November 2021 Committee meeting.

Relevant Previous Decisions of Council

*Ordinary Council Meeting – 13 December 2021 - OCM332/12/21 - COUNCIL RESOLUTION / Officer Recommendation - **extract***

*5. That Council **ADOPTS** Audit, Risk and Governance Committee Resolution ARG017/11/21 and **NOTES** the due diligence actions as detailed in this report, pertaining to the Work Health and Safety Reforms and their impact on bushfire brigade volunteers, and **REQUESTS** the Chief Executive Officer to identify the suitable funding source for the project.*

Background

The State of Western Australia is soon to introduce a range of new work health and safety reforms. Like all reforms pertaining to continuous improvement in work safety and best management practices, the Shire supports the need for changes. However, as with all significant reforms, Officers need to carefully and comprehensively assess the potential implications, so that it can manage risks for the Shire organisation, for the Shire Council and for the Shire community.

In respect of high risk functions, the Shire is located wholly outside the gazetted fire district, and is therefore the responsible hazard management agency for bushfire. Reflecting this responsibility, the Shire has established and maintains six bushfire brigades (BFBs) and one support brigade, with in excess of 190 active volunteers. This high risk function requires particular focus in respect of the forthcoming work health and safety reforms.

At the 15 November 2021 ARG Committee, and the subsequent consideration at the 13 December 2021 Council meeting, Council noted the due diligence actions being undertaken



in respect of the Work Health and Safety Reforms, and their impact on bushfire brigades. This report now presents the findings of those due diligence actions.

Community / Stakeholder Consultation

Nil

Statutory Environment

- *Bush Fires Act 1954*
- *Work Health and Safety Act 2020*

Comment

The *Work Health and Safety Act 2020* (WSH) passed the Western Australian Parliament on 3 November 2020 and was assented by the Governor on 10 November 2020. The WSH Act will commence when the Regulations and Codes of Practice are completed, which is estimated by March 2022. The WSH Act replaces the *Occupational Safety and Health Act 1984*; *Mines Safety and Inspection Act 1994*; and *Petroleum and Geothermal Energy Safety Levies Act 2011*.

Part 2 Divisions 2, 3 and 4 of the WSH Act set out 'health and safety duties' and Part 2 Division 5 of the WSH Act set out offences and penalties. The 'primary duty of care', which are set out in section 19 of the WSH Act, will be imposed on a 'person conducting a business or undertaking' (PCBU). The WSH Act includes volunteers in the definition of a 'worker' (section 7), essentially providing volunteers with the same level of protection as an employee. The Shire has in excess of 190 active BFB volunteers, who come under the auspices of the new WSH Act.

Local Governments are responsible for recruiting, training and equipping Bushfire Brigade volunteers under the auspices of the *Bush Fires Act 1954*. This is under the powers of establishment and maintenance of BFBs, under s 41 of the Bush Fires Act. The State Government agency of the Department of Fire and Emergency Services, provides grant funding via the Emergency Services Levy (ESL) to local governments for the operation of BFBs. The Shire, like all local governments, relies extensively on the ESL in respect of key, if not fundamental, aspects which pertain to workplace safety. These include:

- Providing volunteers with appropriate station infrastructure, vehicles, appliances, equipment and personal protective clothing to carry out their functions;
- Ensuring the suitability of new vehicles and equipment, and the associated research and development of such;
- Providing comprehensive training and development avenues for volunteers, and maintaining up to date model standard procedures of operation.

The Shire equally fulfills a range of critical workplace safety responsibilities pertaining to its BFB volunteers, such as:

- Having up-to-date standing operating procedures and directives applicable to incident response based on the DFES standard, and creating the arrangements in which to institutionalise and maintain accordance with these;



- Providing for volunteer welfare, including first aid, refreshments, relief for fatigued crews and counselling for critical incident support.

Audits undertaken

In preparing for the WHS changes, the Shire proactively engaged two separate audits of the BFB function. These were:

1. A process, procedure and practice audit of the brigades, undertaken by Jamie Nakoi – HSEQ Consultant (refer **attachment 1**);
2. An audit of all brigade facilities, undertaken by LGIS (refer **attachment 2**).

Process, procedure and practice audit

This audit identifies 25 separate actions which deal with the depth and breadth of processes procedures and practices of the function. The identified actions deal with process and procedure capture and reporting pertaining to:

- Training and skills;
- Plant and equipment;
- Maintenance, inspection and associated reporting;
- Risk management and documentation;
- Commissioning and decommissioning processes;
- Guarding and operational controls;
- Volunteer fatigue management;
- Occupational, health and safety reporting;
- Maintenance of standard operating procedures;
- Asset and facility management expectations;
- Driver skill development and skill maintenance;
- Plant use and safe work systems;
- Minimum levels of PPE provision and frequent fit for purpose checks.

To achieve success in report of the process, procedure and practice improvements, there will need to be a committed process of change management, supporting the Shire's brigades who are central to successfully addressing the identified actions.

Officers intend to redirect one of the two Bushfire Mitigation Officer roles, to a secondment function that will see the role become a dedicated (12 month) Work Health Safety Reforms Officer to work with brigades to implement the audit findings. It is expected that, at the conclusion of the 12 month period, the role can revert back to the Bushfire Mitigation Officer, however this will be assessed at the time. By having the role initially focussed on the WHS reform work, there can be clear focus on this task to provide the best opportunity for success.

Response to audit of brigade facilities

This audit identifies a range of actions to be addressed at the Shire's bushfire brigade facilities. Capital works at facilities need to be applied for and funded through the Local Government Grants Scheme, which is administered by the Department of Fire and Emergency Services. There is a large amount of improvements identified, with a range of



priorities associated. Officers have undertaken an assessment of actions, in order to come up with a ranking given not everything may be funded or be possible from the resources the Shire has to implement the range of capital works. A number of the items also pertain to fundamental facility management issues, like the limited size of facilities which prevent dedicated changing areas, storage areas, etc. The highest risk items include the following:

Byford

- Flammable goods, including aerosols, 9 kg LPG cylinder and flammable liquids were not stored in appropriate storage areas. Flammable aerosols should be stored in a well ventilated cage, LPG cylinders in a well ventilated outdoor enclosure and flammable liquids in a dedicated flammable liquid storage cabinet.
- There was a “Pilot K25” air receiver present. The air receiver is a pressure vessel categorized as Hazard Level ‘C’. Pressure vessels of categorised hazard level A, B or C are required to be registered with WorkSafe WA. The plant registration certificate must be displayed adjacent to the plant item and the plant registration number marked upon it. The plant item must be subject to regular inspections by a competent person and a service logbook should be maintained.
- The mezzanine floor is an area of concern. It displays a sign indicating it is load rated as 1.8T, but it was unclear who determined this load rating, how it was determined and how weight limit compliance is monitored. The means of access and egress appeared unclear, but may be via ladder access. Although not accessed, the mezzanine floor appeared cluttered, including with items that do not appear VFBF related (such as footballs, pool noodles and various other sporting gear). **(This has been prevented from use until rectified)**
- There was an adjacent “Kingchrome” hoist which appeared intended for use in raising and lowering objects to the mezzanine floor. No working load limit (WLL) was readily observable on this item of plant and it is unclear if all components were designed and installed by a competent person, such as an engineer. It should be verified that all manufacturer installation instructions have been complied with, including that spring washers have been fitted, and that the attachment to the structural support is appropriate. If slinging techniques are utilised in conjunction with this plant item, then a high risk work licence (Dogging) would be required to be held. **(This has been prevented from use until rectified)**
- A ladder was observed to be present with markings present indicating it is intended for domestic use (ie at a private dwelling for non-commercial purposes). Ladders used in workplace settings must be compliant with the relevant Australian Standard, in this instance AS/NZS 1892.1, which includes the use of ladders with an ‘industrial’, rather than ‘domestic’ rating.
- The facility does not have ladder access points fitted to allow access to the external roof area. The roof area does not appear to have falls restraint anchor points fitted. Safe access and egress to roof areas may be required in order to service and maintain equipment such as air conditioning or antennas.

Oakford

- A second, larger, generator was observed to be present in a caged area outside of the facility. The adjacent electrical installation appeared to be missing ingress protection components and had deteriorating black tape present over a power point. It is



recommended that the reason for the presence of the tape be determined and any required remedial actions be undertaken by a qualified electrical contractor.

- The facility had a “Airmac T17” 70 Litre air receiver present. The compliance plate does not display the hazard level assigned to the air receiver. As pressure vessels with an assigned hazard level of A, B or C are required to be registered with WorkSafe WA, the manufacturer/ supplier should be consulted and the hazard level determined.
- A sack trolley was observed onsite. Caution should be taken should the tyres on the trolley require inflating. These pneumatic tyres are mounted on split rims, which may separate and cause serious injury should they be overinflated – such as may rapidly occur if the large air compressor is used to inflate the tyres.
- The facility has a ‘collar tank’ hoist present. This hoist does not display a WLL, appears to be homemade and constructed with non-load rated components. The main hoist wire appears rusted and deteriorating where it connects to the top of the lifting frame. It is recommended that any lifting equipment be designed and manufactured by a competent engineer using suitably load rated components throughout and the WLL clearly marked on the equipment. The lifting equipment should be subject to ongoing serviceability inspections at such intervals as are recommended by the manufacturer. **(This has been prevented from use until rectified)**
- An emergency generator (ABLE BGE6500) was observed to be present within the facility and was located within impact protection bollards, indicating that it is likely used in situ. The generator displays a “Caution” label which states “Do not use indoors due to danger of carbon monoxide poisoning”. It should be ensured that the generator is only used strictly in accordance with manufacturer instructions. **(This has already had an external exhaust installed)**
- The facility did not appear to have roof access points or falls restraint anchorages fitted. Some gutters were observed to have debris present.

Mundijong

- An engine lifting type crane was observed to be present. This item of lifting equipment did not display a WLL.
- Several fire extinguishers were observed to be mounted at excessive height, which would increase the difficulty of deployment, especially for persons of smaller stature. AS 2444 states that portable fire extinguishers shall be mounted with a maximum height to top of handle of 1200mm. (Variance is allowed only where there is a possibility of dislodgement and then only where ready accessibility is maintained).
- There is a mezzanine floor area present which appears to be used to at least some extent for storage of various items. It is not apparent that the mezzanine area is suitably load rated or intended for use as a storage area. The mezzanine floor has no evident means of safe access or egress and is also lacking in edge protection including toe board. Electrical wiring is visible and would be accessible from within the mezzanine area. **(This has been prevented from use until rectified)**
- There is a AKKO AT35 100 litre air receiver present. The air receiver is a pressure vessel categorized as Hazard Level ‘C’. Pressure vessels of categorised hazard level A, B or C are required to be registered with WorkSafe WA. The plant registration certificate must be displayed adjacent to the plant item and the plant registration number marked upon



it. The plant item must be subject to regular inspections by a competent person and a service logbook should be maintained.

- There were several 9kg LPG cylinders observed to be stored inside and in the immediate vicinity of a potential ignition source (air compressor motor). Gas cylinders should be stored in a well ventilated area away from potential ignition sources.
- The facility has a 'collar tank' hoist present. This hoist does not display a WLL, appears to be homemade and constructed with non-load rated components. It is recommended that any lifting equipment be designed and manufactured by a competent engineer using suitably load rated components throughout and the WLL clearly marked on the equipment. The lifting equipment should be subject to ongoing serviceability inspections at such intervals as are recommended by the manufacturer. **(This has been prevented from use until rectified)**
- The facility does not appear to have any roof access point or falls restraint anchorages installed.

Serpentine

- A windmill frame located adjacent to the front of the facility has been modified to be a lifting device. The modification appears to be homemade and appears to be intended to suspend hoses. It does not appear that load rated components have been used in the modification of the windmill frame construction. It is unsure if any engineering assessment has been undertaken to determine the impact of the modification upon the structure as it does not display a WLL rating. **(This has been prevented from use until rectified)**
- There were two 9kg LPG cylinders observed to be stored inside and in the immediate vicinity of a potential ignition source (air compressor motor). Another 9kg LPG cylinder was stored on adjacent shelving. Gas cylinders should be stored in a well ventilated area away from potential ignition sources.
- A WestAir WE12 air receiver was observed to be present. As the compliance plate was not readily visible, the manufacturer should be contacted in order to determine the assigned hazard level. Pressure vessels with a hazard level of A, B or C are required to be registered with WorkSafe WA.

Keysbrook

- A "FastAir 200" air receiver was observed to be present. As the compliance plate was not readily visible, the manufacturer should be contacted in order to determine the assigned hazard level. Pressure vessels with a hazard level of A, B or C are required to be registered with WorkSafe WA.
- The air receiver was fitted with a tyre inflation fitting and a split rim light vehicle wheel assembly was observed in the vicinity. While it is uncertain if tyre changing activities are undertaken at the site, it is recommended that tyre changing activities are only undertaken by approved service providers. This is especially important when the inherent hazards associated with split rim assemblies are considered.

Jarrahdale

- A designated emergency exit door was observed to have manually operated bolts fitted to top and bottom. Emergency exit doors should be able to be opened by a single



downwards motion of a handle. This could be achieved through the fitting of a 'push bar' to the door which would disengage the bolts when activated.

- A "Pilot Air" K25L18 air receiver was observed to be present. The air receiver is a pressure vessel categorized as Hazard Level 'C'. Pressure vessels of categorised hazard level A, B or C are required to be registered with WorkSafe WA. The plant registration certificate must be displayed adjacent to the plant item and the plant registration number marked upon it. The plant item must be subject to regular inspections by a competent person and a service logbook should be maintained.
- There is a mezzanine floor area present which appears to be used to at least some extent for storage of various items. It is not apparent that the mezzanine area is suitably load rated or intended for use as a storage area. The mezzanine floor has no evident means of safe access or egress and is also lacking in edge protection including toe board. **(This has been prevented from use until rectified)**
- No designated roof access points or falls restraint anchorages were observed to be present.

Officers will be focussing its 2022/23 capital works Local Government Grants Scheme request to address these highest priority actions. Given the large amount of work involved with this, casual resources have also been engaged to help cost up capital work solutions, so that this can be applied for by the March 2022 deadline.

This will still leave a number of other items to be addressed, which is already underway.

Options and Implications

Option 1

That the Audit, Risk and Governance Committee recommends that Council RECEIVES the process, procedure and practice audit (attachment 1) and brigade facilities audit (attachment 2) and:

1. NOTES that one of the two Bushfire Mitigation Officer roles will be changed to a 12 month Work Health Safety Project Officer role, in order to implement the findings of the process, procedure and practice audit;
2. AGREES the items listed in this report represent the highest risk items of the facility audit; and
3. NOTES that the CEO is preparing costings on these highest risk items and financial considerations including funding options will be presented when available.

Option 2

That the Audit, Risk and Governance Committee recommends that Council DOES NOT NOTE the audit reports and proposed actions.

Option 1 is recommended.



Conclusion

Officers are presenting this report to Council, via the ARG Committee, to present the updated steps being taken in respect of preparing the BFB function for the new WHS Act coming into operation.

Attachments (available under separate cover)

- **5.1.4 – attachment 1** – Fire Department WHS Review Report 18 November 2021 (E22/1689).
- **5.1.4 – attachment 2** – LGIS Audit Review (E22/1690).

Alignment with our Strategic Community Plan

Outcome 4.1	A resilient, efficient and effective organisation
Strategy 4.1.1	Provide efficient, effective, innovative, professional management of Shire operations to deliver the best outcome for the community within allocated resources

Financial Implications

As mentioned above, Officers intend to redirect one of the two Bushfire Mitigation Officer roles, to a secondment function that will see the role become a dedicated (12 month) Work Health Safety Reforms Officer to work with brigades to implement the audit findings. It is expected that, at the conclusion of the 12 month period, the role can revert back to the Bushfire Mitigation Officer. This however will be reviewed and informed by the degree to which audit recommendations have been achieved.

There are a range of high priority facility management issues that need to be addressed. These are proposed to be the focus of the Shire's 22/23 capital works LGGs request, and short term casual resources have been engaged to assist in preparing the grant request which is due in March 2022.

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	<i>This option manages the predicted risks associated with the Reforms</i>						



2	The Shire would not be performing due diligence in respect of a high risk activity of bushfire management	Nil	Financial	Likely	Catastrophic	HIGH	Nil
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Voting Requirements: Simple Majority

Officer Recommendation

That the Audit, Risk and Governance Committee recommends that Council **RECEIVES** the process, procedure and practice audit (attachment 1) and brigade facilities audit (attachment 2) and:

1. **NOTES** that one of the two Bushfire Mitigation Officer roles will be changed to a 12 month Work Health Safety Project Officer role, in order to implement the findings of the process, procedure and practice audit;
2. **AGREES** the items listed in this report represent the highest risk items of the facility audit; and
3. **NOTES** that the CEO is preparing costings on these highest risk items and financial considerations including funding options will be presented when available.



5.1.5 - Internal Audit Plan Update (SJ2895)	
Responsible Officer:	Internal Auditor
Senior Officer:	Deputy CEO / Director Community and Organisational Development
Disclosure of Officers 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.
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Report Purpose

To provide an Internal Audit Plan Update to the Audit Risk and Governance Committee and Council.

Relevant Previous Decisions of Council

Audit, Risk and Governance Committee – 15 November 2021- ARG01/10/21 - AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION / Officer Recommendation
The Audit, Risk and Governance Committee recommends Council ADOPTS the Internal Audit Plan 2021-2022 to guide Internal Audit Activities for the period November 2021 to November 2022.

Ordinary Council Meeting – 13 December 2021 - OCM332/12/21 - COUNCIL RESOLUTION

- 1. That Council RECEIVES the Unconfirmed Minutes of the Audit, Risk and Governance Committee Meeting held on 15 November 2021 [Rescheduled from 1 November 2021] (E21/13917).*
- 2. That Council ADOPTS Audit, Risk and Governance Committee Resolution ARG014/11/21 and NOTES progress of the reviews conducted in accordance with Regulation 5 of the Local Government (Financial Management) Regulations 1996 and Local Government (Audit) Regulations 1996.*
- 3. That Council ADOPTS Audit, Risk and Governance Committee Resolution ARG015/11/21 and ADOPTS the Internal Audit Plan 2021-2022 to guide Internal Audit Activities for the period November 2021 to November 2022.*



4. That Council **ADOPTS** Audit, Risk and Governance Committee Resolution ARG016/11/21 and **REQUESTS** the Chief Executive Officer appoint Stantons International as the preferred supplier to conduct the Inquiry into the Abernethy Road project.
5. That Council **ADOPTS** Audit, Risk and Governance Committee Resolution ARG017/11/21 and **NOTES** the due diligence actions as detailed in this report, pertaining to the Work Health and Safety Reforms and their impact on bushfire brigade volunteers, and **REQUESTS** the Chief Executive Officer to identify the suitable funding source for the project.
6. That Council **ADOPTS** Audit, Risk and Governance Committee Resolution ARG018/11/21 and **NOTES** the Strategic Risk Register Review as contained within this paper, and **ENDORSES** the updated Strategic Risk Register as contained within attachment 1, with the inclusion of:

A new action under Risk Reference 6, being the preparation of a Register of Properties where an incident must be responded to by career Fire Officers, with a report on the matter being presented to Council.

In Risk Reference 8, include future reference to Asset Replacement Funding.

Background

This update supports a periodic process for the CEO to review the appropriateness and effectiveness of internal controls within the Shire, through presenting results of internal activities in accordance with the Internal Audit Plan 2021-2022.

Community / Stakeholder Consultation

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

Statutory Environment

Local Government (Audit) Regulations 1996:

Section 16. Functions of audit committee

An audit committee has the following functions-

- (a) *to guide and assist the local government in carrying out*
 - (i) *its functions under Part 6 of the Act; and*
 - (ii) *its functions relating to other audits and other matters related to financial management;*
-
- (b) *to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
-



- (c) *to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to*
 - (i) *report to the council the results of that review; and*
 - (ii) *give a copy of the CEO's report to the council;*
 -
- (d) *to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under*
 - (i) *regulation 17(1); and*
 - (ii) *the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
 -
- (e) *to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
 -
- (f) *to oversee the implementation of any action that the local government*
 - (i) *is required to take by section 7.12A(3); and*
 - (ii) *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
 - (iii) *has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
 - (iv) *has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
 -
- (g) *to perform any other function conferred on the audit committee by these regulations or another written law*

Section 17. CEO to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
 - a. *risk management;*
 - b. *internal control; and***
 - c. *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review*



Comment

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

Reporting Period	December 2021	January 2022	February 2022
Planned Audits COMPLETED	-	-	1
Planned Audits IN-PROGRESS	2	2	
Planned Audits DELAYED / CANCELLED	-	-	2
Additional Internal Audits / Reports	-	2	1

SUMMARY

The following audit was completed and is presented through a separate report:

Internal Audit Report - Compliance Audit Return 2021/22 (tabled through separate Agenda Item).

Three Internal Audits were ongoing at the time of generating this report:

- Internal Audit – Youth Services
- Internal Audit - Review of purchasing practices (additional audit activity)
- Internal Audit- Contractor and Supplier Management (additional audit activity)

Internal Audit Activity	Status	2021			2022
		Nov - Jan	Feb - May	June - Aug	Sept - Nov
Youth Services (1)	In progress	●			
Asset Management (2)	Scheduled		●		
Payroll and Leave Management (3)	Scheduled			●	



Internal Audit Activity	Status	2021			2022
		Nov - Jan	Feb - May	June - Aug	Sept - Nov
Event Management (4)	Scheduled			●	
Swimming Pool Inspections (5)	Scheduled				●
IT General Management Controls	Scheduled				●
Firebreak Inspections / Management (6)	Scheduled				●
Compliance Audit Return	Annually	●			
Annual Report	Annually				●
Quarterly Reporting	Quarterly	●	●	●	●
Audit Recommendation Tracking	Quarterly	●	●	●	●

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

Contract and Supplier Management- Internal Audit

This Internal Audit activity was initially commenced in 2020. The Internal Auditor has considered the findings of this audit as previously undertaken and has concluded with the findings of the previous Internal Auditor. Officers are currently reviewing recommendations and are formulating an appropriate response that addresses the significance of the audit recommendations

Youth Services- Internal Audit

Youth Services has been delayed due to a delay in the information being able to be provided to the Internal Auditor. The required information has now been received and the Internal



Auditor is progressing. It is anticipated that this Internal Audit will be completed by the end of February 2022.

Audit Recommendation Tracking – Internal Audit

Internal Audit has been reviewing all previous Internal Audit reports and documents including recommendation tracking. The last update in regard to audit recommendation tracking was provided to the Audit Risk and Governance Committee in May 2020. Given that a significant period of time has passed the Internal Auditor will require more time than anticipated in order to update the outstanding recommendations, capturing activities completed over almost a 24 month period. An updated recommendation tracking report will be provided at the May 2022 Audit Risk and Governance Committee.

Options and Implications

Option 1

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

Option 2

The Audit, Risk and Governance Committee recommends Council;

1. DOES NOT recommend that Council RECEIVE Internal Audit Plan Update.

Option 1 is recommended.

Attachments (available under separate cover)

Nil

Alignment with our Strategic Community Plan

Outcome 4.2	A strategically focused Council
Strategy 4.2.2	Ensure appropriate long term strategic and operational planning is undertaken and considered when making decisions
Strategy 4.2.3	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	That Council does not support Internal Audit Plan Update resulting in reduced accountability to progress audit.	the <i>Local Government (Audit) Regulations 1996</i> : <i>Internal Audit Charter – Internal Audit (SJ2895)</i>	Organisational Performance	Unlikely	Moderate	MODERATE	Management actions and recommendations tabled, read and adopted.
2	Internal Audit reporting does not provide adequate assurance to ARG / Council leading to less robust decision making.	The <i>Local Government (Audit) Regulations 1996</i> <i>Internal Audit Charter – Internal Audit (SJ2895)</i>	Organisational Performance	Unlikely	Moderate	MODERATE	Management actions and recommendations tabled, read and adopted.

Voting Requirements: Simple Majority

Officer Recommendation:

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

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. Motions of which notice has been given:

7. Urgent business:

8. Closure: