



Shire of
Serpentine
Jarrahdale

Audit, Risk and Governance Committee Meeting

Confirmed Minutes

Monday, 7 November 2022

5:30pm

Received by Council
21 November 2022 - OCM262/11/22

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



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Table of Contents

1. Attendances and apologies (including leave of absence):	3
2. Petitions and deputations:	3
3. Declaration of Councillors and Officer's interest:	3
4. Receipt of minutes or reports and consideration of adoption of recommendations from Committee meetings held since the previous Council meetings:	4
4.1 Minutes of previous Audit, Risk and Governance Committee Meetings:	4
4.1.1 - Audit, Risk and Governance Committee Meeting – 22 August 2022	4
5. Reports for consideration:	5
5.1 Reports:.....	5
5.1.1 – Strategic Risk Register Quarterly Review Report – November 2022 (SJ2881)	5
5.1.2 – Implementation Report Regulation 5 and Regulation 17 reviews (SJ3653)	13
5.1.3 – Update on audit activities and audit program (SJ2895)	21
5.1.4 - CONFIDENTIAL - Information and Communication Technology Update (SJ2196)	24
6. Motions of which notice has been given:.....	26
7. Urgent business:.....	26
8. Closure:	26



Minutes of the Audit, Risk and Governance Committee Meeting held in the Council Chambers, Civic Centre, 6 Paterson Street, Mundijong, on Monday, 7 November 2022.

The Presiding Member, Councillor Strange declared the meeting open at 5:30pm and welcomed Councillors, 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.

Minutes

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

Councillors: L Strange.....Presiding Member
T Duggin
S Mack
M Rich
D Strautins (Deputy Member)

External Members: Kelly Berry
Jacob Curulli
Eileen Newby

Officers: Mr P Martin.....Chief Executive Officer
Ms R Steinki.....Acting Director Community Engagement
Mr F SullivanDirector Corporate Services
Mr A Trosic.....Director Development Services
Mr N Scidone.....Acting Director Infrastructure Services
Dr K ParkerManager Governance and Strategy
Mr M Younger....Manager Information Communication Technology
Ms M GibsonGovernance Officer – Council and Committees
(Minute Taker)

Apologies: Councillor R Coales
Reinder Ruiter

Observers: Nil.

2. Petitions and deputations:

Nil.

3. Declaration of Councillors and Officer's interest:

Nil.



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 – 22 August 2022

ARG019/11/22

AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION

Moved Ms Berry, seconded Ms Newby

That the minutes of the Audit, Risk and Governance Committee Meeting held on 22 August 2022 be CONFIRMED (E22/10666).

CARRIED UNANIMOUSLY 8/0



5. Reports for consideration:

5.1 Reports:

5.1.1 – Strategic Risk Register Quarterly Review Report – November 2022 (SJ2881)	
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 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 September 2022 – OCM037/03/22 - COUNCIL RESOLUTION / Officer Recommendation

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.*

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 – November 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 – November 2022

1. Changes to Risk Ratings

- Risk 2 (Organisational Workforce) risk rating reassessed to HIGH (was SIGNIFICANT) with a revised likelihood rating of LIKELY (was POSSIBLE). This increase in risk rating is primarily driven from the high vacancy rate in critical service delivery teams, e.g. there are currently 7 vacancies in the parks and gardens team that cannot be filled, and the lack of people in the market to fill the vacancies. To mitigate the risk, several new actions have been added as detailed below.

2. New and Emerging Risks

- The Executive are closely monitoring the level of risk on risk 3 (Financial Sustainability) and risk 11 (Community Engagement) due to uncertainties within the economy that are likely to result in no rate rises in future years (e.g. inflation). This is compounded by the growing structural inequality the Shire experiences (that is, the rates yield to service the number of community assets is low when compared to neighbouring local governments) and the new growth the Shire experiences that may bring increased expectations. These factors may result in financial sustainability concerns and an inability to meet community expectations. Review of the Strategic Community Plan will provide an opportunity for Officers to engage with both the community and Council on



this matter. In the lead up to the annual budget setting process, Officers are recommending a workshop be held with Council to determine a response to this complex challenge.

- Additionally, the Executive have identified that the due date of action 2 on risk 6 (bush fire management plans for reserves) may require an extension given the redirection of resources towards work, health and safety and the upcoming recruitment of the Director of Community Engagement.

3. Updates to Risk Mitigation Strategies

Actions complete and moved to controls

Risk 4 (Organisational Capability)

- Action 3 – *Finalise the new local heritage survey (assessment of places and presentation to Council)* is completed and added as control 19. Council approved the Local Heritage Survey at the Ordinary Council Meeting on 19 September 2022 (OCM220/09/22).

Risk 6 (Bushfire Management)

- Action 13 - *Develop an interim schedule for open drains and roadside verges for rural roads* is complete and added as control 31. Council adopted the Service Level: Verge Maintenance – Fuel Load Reduction at the Ordinary Council Meeting on 19 September 2022 (OCM227/09/22).

Risk 8 (Asset Management)

- Action 3 – *Develop a Bridge Asset Register* is complete. Asset registers are already listed as control 6, therefore this is an improvement to an existing control.

Risk 10 (Stakeholder management)

- Action 1 - *Stakeholder matrix / management plan* is complete and added as controls 3, 4 and 5. At this stage the risk rating has not yet been adjusted, as time is required for the tools to be implemented which will occur following appointment of the Director Community Engagement.

Actions amended

Risk 2 (Organisational Workforce)

- Action 7 – *Implement the new office accommodation plan* due date amended to 31 December 2023 (was 30 June 2023). This date aligns with the recently adopted Corporate Business Plan and represents the current project delivery timeframe.

Risk 3 (Financial Sustainability)

- Action 1 – *Progress DCP's for Byford and Mundijong* due date amended to 31 December 2022 (was 30 September 2022). Pleasingly the plans have been approved by the WA Planning Commission but are still awaiting final approval by the Minister.
- Action 3 - *Implement exception reporting to Council (including risks associated with granted funded projects) through embedding of the Project Management Office* description has been updated to 'Provide a strategic financial report to Council annually (including risks associated with grant funded projects)' with a due date of 31



December 2023. Officers recommend this is a more appropriate action to achieve the outcome and will assist to mitigate financial sustainability more holistically.

Risk 4 (Organisational Capability)

- Action 1 - *Finalisation of scheme no. 3* due date amended to 31 March 2023 (was 31 December 2022). On 14 October the Shire received a draft set of modifications in preparation for consideration by the WA Planning Commission. This is an important milestone in the progression of the action.
- Action 4 - *Progress DCP's for Byford and Mundijong* due date amended to 31 December 2022. As detailed above, the Shire is awaiting approval of these plans by the Minister.

Risk 5 (Organisational Efficiency)

- Action 1 - *Implement Enterprise Content Management* due date amended to 31 December 2024 (was 28 February 2023). This date aligns to Council's adoption of the revised OneComm schedule at the September Ordinary Council Meeting (OCM234/09/22).

Risk 6 (Bushfire Management)

- Action 15 - *Update / Improve asset data for drains to inform maintenance schedules* due date amended to 30 June 2024 (was 30 June 2023). As identified by the Executive last reporting period, this date has been reviewed in consideration of other asset data priorities underway including the infrastructure valuation (Roads, Drainage, Parks) and the Road Condition Survey. Consequently, actions 16 and 17 have also been extended as they are dependent on the completion of action 15. It is important to note that asset data for drains is currently up to date in terms of data received and that the improvements are subject to a gap analysis of the missing data and future budget requests for re-surveying.

Risk 7 (Environment Sustainability)

- Action 5 – *In conjunction with the community, develop an updated Climate Change Strategy and Local Action Plan within two years of the declaration* status updated to 'In Progress' (was Not Started). The Shire Climate Change Action website page has been updated and feedback from the community is underway as part of the Strategic Community Plan major review.

New actions

Risk 2 (Organisational Workforce)

To mitigate the increase in risk described above, the following actions have been added to risk 2:

- Action 8 – *Flexible Work Arrangement Trial at the Operations Centre*, in progress and due 31 December 2022.
- Action 9 – *Investigate short term alternative service delivery models for the Parks and Gardens Business Unit*. The due date for this action will be determined at a later date once a plan is developed.



- Action 10 – *Depot Accommodation Upgrades* due 31 December 2022. This is an existing action in the Corporate Business Plan.
- Action 11 - *Operations Centre Structure Review (including Waste Transfer Station)* due 30 June 2023. This is an existing action in the Corporate Business Plan.

Risk 5 (Organisational Efficiency)

- Action 6 - Undertake the consolidation phase of OneComm (due 31 August 2023). This follows Council's adoption of the revised OneComm schedule (OCM234/09/22).

Risk 6 (Bushfire Management)

- Action 18 - *Develop a long term / further detailed schedule including timelines and costings for roadside verges for rural roads* (due 31 December 2023). This follows the completion of action 13 as the next step to further mitigate this area of risk.

Risk 11 (Community engagement)

- Action 1 - *Undertake the Major Review of the Strategic Community Plan* (due 30 September 2023). This action is a key project to understanding community expectations and needs, which is a cause listed on this risk.

Risk 16 (Capital Projects)

- Action 3 - *Embed and enhance the Project and Contract Management Framework tools to strengthen Project Maturity* (due 30 June 2024). This follows amendments made to the risk to broaden its context (refer below).

4. Other

- Other minor amendments to reflect organisational structure changes (refer to **attachment 2**).
- Action 12 - *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* on Risk 6 (Bushfire Management) has been removed. This follows Council's agreement (following the provision of legal advice) to not proceed with a property risk register and the request to remove it from the Strategic Risk Register (OCM193/08/22).
- The context of Risk 16 (Capital Projects) has been reviewed and broadened to capture other challenges and uncertainties associated with the delivery of capital projects in the current environment. This includes updates to the description, causes and controls and other columns as shown in **attachment 2**.

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**.
3. REQUESTS the Chief Executive Officer commence the 2023-24 budget process with a Councillor workshop to determine responses to emerging risks.

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 report details an increase in the Organisational Workforce risk which is proposed to be mitigated by four new actions and four existing actions completed, resulting in five new controls and an improvement to one existing control. The Major Capital risk has been broadened in response to a previously identified emerging risk and two new areas of emerging risk have been identified for review by the Executive. The Committee can expect to receive an update on these at the next meeting.

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)

- **5.1.1 - attachment 1** – Strategic Risk Register (E20/8711)
- **5.1.1 – attachment 2** - Strategic Risk Register – Tracked Changes (E22/13572)



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. 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

ARG020/11/22

AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION / Officer Recommendation

Moved Ms Newby, seconded Mr Curulli

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

- 1. NOTES the Strategic Risk Register Review as contained within this paper.**
- 2. ENDORSES the updated Strategic Risk Register as contained within attachment 1.**
- 3. REQUESTS the Chief Executive Officer commence the 2023-24 budget process with a Councillor workshop to determine responses to emerging risks.**

CARRIED UNANIMOUSLY 8/0

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.



5.1.2 – Implementation Report Regulation 5 and Regulation 17 reviews (SJ3653)	
Responsible Officer:	Manager Governance and Strategy
Senior Officer:	Director Corporates Services
Disclosure of Officer's Interest:	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .

Authority / Discretion

Information	For the Council / Committee to note.
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Report Purpose

The purpose of this report is to enable the Audit, Risk and Governance Committee to receive an update of the progress of implementation of actions resulting from the Regulation 5 and Regulation 17 reviews presented to the Audit, Risk and Governance Committee in February 2022.

Relevant Previous Decisions of Council

Ordinary Council Meeting – 21 March 2022 – OCM037/03/22 - COUNCIL RESOLUTION - extract

3. *ADOPTS Audit, Risk and Governance Committee Resolution ARG007/02/22 and 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; 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; and REQUESTS the CEO provide the Audit, Risk and Governance Committee an update on the implementation of the actions at its November 2022 Committee Meeting.*

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 Regulation 5 and Regulation 17 review reports and proposed response actions were presented to the 28 February 2022 Audit, Risk and Governance Committee meeting and resolved by Council at the March 2022 Ordinary Council Meeting.

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

Overall, the Regulation 5 and Regulation 17 reviews presented to the Committee in February 2022 demonstrated many areas of strength. There were four recommendations from the Regulation 5 review and five recommendations from the Regulation 17 review.

As shown in the tables below, eight of the ten actions from the Regulation 5 and Regulation 17 reviews are complete, one is on-track and the other is still underway.

The action on-track relates to the recommendation to conduct a comprehensive policy review to ensure the currency of Council's near 100 policies. This action is being implemented through a forward calendar of routine policy review as agreed by Council at the June 2022 Ordinary Council Meeting. This routine policy review forward calendar is on-track.

The action underway relates to the review of Council Policy Risk Management as it pertains to Risk Appetite. Work completed on the action so far includes the engagement of a suitable consultant, meetings with Officers and proposed draft amendments to the Policy. Consultation with the Executive Management, Committee and Council is still to occur. The reason for the delay is primarily due to Officer capacity with resources consumed with implementing the other review actions and handling the 2022 fresh election. It is estimated the project will be complete by 30 June 2023.



Regulation 5 review

Recommendation	Management Comment	Status	Comment
Purchase orders should be raised in advance of requesting services	Officers concur with the recommendations that purchasing should always be conducted in accordance with Shire's purchasing policy and acknowledges that in a small number of cases purchase orders have not been raised prior to services being requested. Instances of this occurring are tracked internally and examined to identify the reasons for the occurrence and associated risk. Adherence with purchasing policy will be the focus of a procurement training for new and existing staff.	Complete	<p>A refresher training video was prepared and distributed to Officers in March 2022. As of August 2022, more than 100 Officers had completed the training. The training is available to all Officers upon commencement with the Shire.</p> <p>Monthly reports on non-compliance with this part of the purchasing policy have been compiled and distributed amongst Management and Executive Management levels. The most recent report for September 2022 noted a sharp decline in instances where an invoice was received prior to the issuing of a purchase order.</p>
Suppliers should be requested to record the correct purchase order number on their tax invoices. Supplier's tax invoices which do not record a purchase order number, or an incorrect purchase order number should be returned to the supplier for correction prior to payment by the Shire	In relation to purchase order numbers on tax invoices, the Shire's Purchase Order Terms and Conditions state that Tax Invoices must show the purchase order number. A reminder of this requirement was last sent to all creditors in 2021 and the requirement will be reiterated in a future communication.	Complete	Creditors were reminded of the importance of including the purchase order number on invoices in an email to all creditors in March 2022.



Recommendation	Management Comment	Status	Comment
<p>All payroll reports should be reviewed and evidenced as such on a timely basis.</p>	<p>All payroll reports are authorised by the Manager Finance or in the absence of the Manager, an employee operating in an Acting capacity. At the bottom left of each page, the system generates and prints the employee/user who prepares the report. Whilst noting that the Shire does not write Manager Finance underneath signature following review, it is as mentioned above only the Manager Finance who reviews and signs off on payroll. Moving forward Shire Officers will print the title of the reviewer under the signature.</p>	<p>Complete</p>	<p>All payroll reports now include the title of the reviewer under the signature.</p>
<p>Reconciliations should record the following:</p> <ul style="list-style-type: none">• Identity of the compiler and reviewer; and• Date it was compiled and reviewed.	<p>This finding was also raised during the Interim Audit for the year ending 30 June 2021 conducted in May 2021. In response, management commented that process improvements will be made to have physical evidence that reconciliations were being performed and subsequently reviewed independently by September 2021. This timeframe was met, as mentioned that from October month end reconciliations were electrically signed by both the preparing and reviewing Officers.</p>	<p>Complete</p>	<p>Completed – in October 2021 as noted in the Regulation 5 report.</p>



Regulation 17 review

Recommendation	Management Comment	Status	Comment
<p>Risk Management</p> <p>5.2.1 Team plans for the financial year should be fully documented at the earliest opportunity after budget finalisation and then updated on an on-going basis through the remainder of the period.</p> <p>5.2.2 Team Plans should be reviewed centrally to ensure consistency, completeness and that risk assessments and mitigation strategies, include consideration of the risk appetite; and</p> <p>5.2.3 The status of the risk improvement plan should be reviewed, and inclusion of inherent risk should be considered.</p>	<p>The Shire agrees with Paxon recommendations 5.2.1, 5.2.2 and partially 5.2.3. As such, the following management actions have been developed in response:</p> <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. 4. Investigate the expansion of PPLGS (PPLGS is the Corporate Business Plan Reporting Module in OneComm) to facilitate reporting against Service Team Plans. 	<p>1 – Complete</p> <p>2 – Underway</p> <p>3 – Complete</p> <p>4 – Complete</p>	<p>1. 19/20 Service Team Plans are complete. 1 has been deferred to 2023-24 following the completion of the Operations Centre Structure Review project.</p> <p>2. Draft revisions to the policy are complete. Consultation with Executive, the Committee and Council is still to occur.</p> <p>3. Plan has been reviewed and updated.</p> <p>4. Monitoring of Service Team Plans has been established in existing software.</p>
<p>Internal Control</p>	<p>The Shire is aware of the above-mentioned matters raised by Paxon. It is</p>	<p>On track</p>	<p>At the June 2022 Ordinary Council Meeting Council</p>



Recommendation	Management Comment	Status	Comment
<p>A process should be documented that sets out the requirements and mechanisms for reviewing and updating policy on a regular, but practical basis.</p> <p>Consideration should be given to having different frequency of policy review based upon the risk or level of change for each policy.</p> <p>This documented process could also be extended to include procedural documents to assist in maintaining their currency.</p>	<p>intended that the following project, listed as a risk mitigation strategy on the Shire’s Strategic Risk register, will incorporate Paxon’s recommendations.</p> <p>“4. Policy/procedure review schedule and process across the Shire including consideration of a document control system”</p> <p>In addition, the Shire will consider establishing a policy review group/committee for the review of Council policies.</p> <p>A register of Policies and Business Operating Processes has been created as a first step toward the project.</p>		<p>noted a proposed forward calendar of routine policy review.</p> <p>Implementation of this forward program is on track.</p>
<p>Legislative Compliance</p> <p>The listed team plans should record compliance instruments for each identified task or document that there is no requirement.</p>	<p>The Shire agrees with Paxon’s recommendation and the following management action has been developed in response:</p> <p>1. Ensure Service Team Plans record compliance instruments for each identified task or, where this is not applicable, document that there is no requirement.</p>	Complete	<p>This has been completed in all Service Team Plans developed for 2022-23.</p>



Options and Implications

Option 1

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

1. NOTES the progress of the management actions completed and commenced resulting from the Regulation 5 and Regulation 17 reviews.
2. NOTES further updates on the progress of the management actions commenced will be provided to Council as required.

Option 2

That the Audit, Risk and Governance Committee RECOMMENDS that Council REQUESTS additional information regarding the progress of the management actions completed and commenced resulting from the Regulation 5 and Regulation 17 reviews.

Option 1 is recommended.

Conclusion

The results of the Regulation 5 and Regulation 17 Reviews demonstrated that the Shire has appropriate and effective processes in place as it pertains to financial management, risk management, internal control and legislative compliance. Pleasingly, the focus of the findings was on improving current systems and procedures and can be actioned within existing resources. These actions have been completed or are progressing as resources allow.

Attachments (available under separate cover)

Nil.

Alignment with our Strategic Community Plan

Outcome 4.2	A strategically focused Council
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	There are no material risks associated with this option.						
2	This would require presentation of the progress reporting at a future meeting of the Audit, Risk and Governance Committee and based on the conventional timing of meetings would not occur until February 2023.	Nil	Organisational Performance	Rare	Insignificant	LOW	Nil

Voting Requirements: Simple Majority

ARG021/11/22

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 progress of the management actions completed and commenced resulting from the Regulation 5 and Regulation 17 reviews.
2. **NOTES** further updates on the progress of the management actions commenced will be provided to Council as required.

CARRIED UNANIMOUSLY 8/0

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.



5.1.3 – Update on audit activities and audit program (SJ2895)	
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 to note.
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Report Purpose

The purpose of this report is to inform the Audit, Risk and Governance Committee of the progress of audit activities and 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>That Council:</i></p> <ol style="list-style-type: none"><i>RECEIVES the Unconfirmed Minutes of the Audit, Risk and Governance Committee Meeting held on 22 August 2022 (E22/10666).</i><i>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>
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Background

At the September 2022 Ordinary Council Meeting, Council resolved to support the Audit, Risk and Governance Committee's recommendation to endorse the provision of audit services via an external contractor as endorse the audit program for 2022-2026.

The 2022-2026 audit program involved one audit to be completed in 2022-23 being an audit of payroll and leave management.

Community / Stakeholder Consultation

Nil.

Statutory Environment

Regulation 5 of the *Local Government (Financial Management) Regulations 1996* provides for the CEO's duties in respect to financial management. An audit of payroll and leave management is not a requirement of legislation but is consistent with the legislative intent.



Comment

Since Council's resolution, Officers have progressed the audit by issuing an expression of interest to ten audit firms listed on the State Government Common Use Agreement. Quotes are being sought from the companies along with a synopsis of how they would intend to conduct the audit and a statement as to the company's competency to enable an assessment to be conducted and a supplier to be chosen. A date of 1 November 2022 has been given to respond.

To minimise disruption to the Shire's financial and payroll functions the audit is planned to occur in January 2023. The results of the audit will be presented to the Audit, Risk and Governance Committee prior to the conclusion of the 2022-23 financial year.

A separate procurement process will be commenced shortly to identify a supplier or suppliers to conduct audits in the following years. Per the program agreed by the Committee and Council, the following audits are to be undertaken in 2023-24:

- Asset management
- IT general controls
- Firebreak inspections
- Project management framework; and
- Health and safety systems management.

Options and Implications

Option1

That the Audit, Risk and Governance Committee RECOMMENDS that Council NOTES the progress of the audit activities and program.

Option 1 is recommended.

Conclusion

Given the issues with internal audit progress identified in previous reports, this report has been prepared to alert the Committee to the progress implementing the 2022-23 following the change in approach resolved by Council in September 2022. No action is required from the Committee or Council at this time.

Attachments (available under separate cover)

Nil.

Alignment with our Strategic Community Plan

Outcome 4.2	A strategically focused Council
Strategy 4.2.1	Build and promote strategic relationships in the Shire's interest.
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	There are no material risks associated with this option.						

Voting Requirements: Simple Majority

ARG022/11/22

AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION / Officer Recommendation

Moved Cr Rich, seconded Ms Berry

That the Audit, Risk and Governance Committee RECOMMENDS that Council NOTES the progress of the audit activities and program.

CARRIED UNANIMOUSLY 8/0

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.



5.1.4 - CONFIDENTIAL - Information and Communication Technology Update (SJ2196)	
Responsible Officer:	Manager Information Communication Technology
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> .

ARG023/11/22

AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION

Moved Mr Curulli, seconded Ms Newby

That the meeting be closed to members of the public while item 5.1.4 is discussed pursuant to section 5.23(2)(c) and (f)(ii) of the *Local Government Act 1995*.

CARRIED UNANIMOUSLY 8/0

At 5:58pm, the meeting went behind closed doors.

Officers assisting the Meeting stopped the recording of the Meeting.

ARG024/11/22

AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION

Moved Mr Curulli, seconded Ms Newby

That the meeting be reopened to members of the public.

CARRIED UNANIMOUSLY 8/0

At 6:18pm, the doors were reopened to members of the public.

Officers assisting the Meeting resumed the recording of the Meeting.



Voting Requirements: Simple Majority

ARG025/11/22

AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION / Officer Recommendation

Moved Mr Curulli, seconded Ms Newby

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

- 1. NOTES the progress and finalisation of the Strategic Information and Communications Technology Plan 2018-2021;**
- 2. APPROVES the Strategic Information and Communications Technology Plan 2023-2028; and**
- 3. APPROVES TechnologyOne / Shire of Serpentine Jarrahdale OneComm Contract variation for software licencing and an extension of the initial Contract term by 4 years to September 2032.**

CARRIED UNANIMOUSLY 8/0

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



6. Motions of which notice has been given:

Nil.


7. Urgent business:

Nil.

8. Closure:

There being no further business, the Presiding Member declared the meeting closed at 6:19pm.

I certify that these minutes were confirmed at the Audit, Risk and Governance Committee Meeting held on 13 February 2023.


..... Presiding Member – Councillor Strange

13 February 2023
..... Date