



Shire of  
Serpentine  
Jarrahdale

# Audit, Risk and Governance Committee

## Unconfirmed Minutes

Monday, 23 August 2021

5:30pm

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Shire of Serpentine Jarrahdale

6 Paterson Street, Mundijong WA 6123

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



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Minutes of the Audit, Risk and Governance Committee Meeting held in the Council Chambers, Civic Centre, 6 Paterson Street, Mundijong on Monday, 23 August 2021.

The Presiding Member, Councillor Byas 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 his respects to the Traditional Owners, Elders Past, Present and Emerging.

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## Minutes

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

**Councillors:** M Byas.....Presiding Member  
M Rich  
B Denholm  
D Strautins (Deputy Member)

**Independent Members:** Ms E Newby  
Mr S Casilli

**Officers:** Mr P Martin.....Chief Executive Officer  
Ms H Sarcich.....Deputy CEO / Director Community and  
Organisational Development  
Mr A Trosic.....Director Development Services  
Mr R Najafzadeh (From 5:31pm).....Director Infrastructure Services  
Dr K Parker .....Manager Governance and Strategy  
Mr R Kahango.....Internal Auditor  
Ms M Gibson .....Governance Officer – Council and Committees  
(Minute Taker)

**Apologies:** Councillor R Coales  
Councillor K McConkey  
Mr F Sullivan .....Director Corporate Services

**Observers:** Councillor L Strange  
Councillor D Atwell (From 5:58pm)

### 2. Petitions and deputations:

Nil.

### 3. Declaration of Councillors and Officer's interest:

Nil.



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**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 Meeting:**

**4.1.1 Audit, Risk and Governance Committee Meeting – 24 May 2021**

**ARG011/08/21**

**AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION**

**Moved Cr Rich, seconded Ms Newby**

**That the minutes of the Audit, Risk and Governance Committee Meeting held on 24 May 2021 be CONFIRMED (E21/5979).**

**CARRIED UNANIMOUSLY 6/0**



## 5. Reports for consideration:

### 5.1 Reports:

<b>5.1.1 – Strategic Risk Register Quarterly Review Report – August 2021 (SJ2881)</b>	
<b>Responsible Officer:</b>	Manager Governance and Strategy
<b>Senior Officer:</b>	Director Corporate Services
<b>Disclosure of Officers Interest:</b>	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .

### Authority / Discretion

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 – 21 June 2021 – OCM131/06/21 - COUNCIL RESOLUTION - extract</i></p> <p>2. <i>That Council ADOPTS Audit, Risk and Governance Committee Resolution ARG007/05/21, and NOTES the Strategic Risk Register Review and ENDORSES the updated Strategic Risk Register as contained within attachment 1, as amended:</i></p> <ul style="list-style-type: none"><li><i>• Including changes to Risk 4, Action 3;</i></li><li><i>• Amendments to timeframes as identified;</i></li><li><i>• Provide greater clarity when the action is subject to third party actions.</i></li></ul> <p>3. <i>GIVES higher consideration and priority to resources to ensure the mitigation actions to address the asset management risk in a more timely manner.</i></p> <p>4. <i>NOTES that the revised Register has been circulated with the Minutes and provided to Council.</i></p>
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### 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**

Not applicable.

### **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 2018-19 financial year and led to Council's adoption of the Risk Maturity Journey in May 2019. The next review is due no later than the 2021-22 financial year.

### **Comment**

#### **Strategic Risk Register Quarterly Review – August 2021**

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

#### **Strategic Risk Register Quarterly Review – August 2021**

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

In light of the strategic risk register, including the monitoring and reporting thereof, now being in place for approximately 12 months, the annual integrated planning and reporting process recently completed and the current operational environment more generally, the Executive Management Group this reporting period were requested to comprehensively review each of their respective risk assessments. This review resulted in the following amendments:

- Risk 1 (Culture) – Control Rating downgraded from 'Inadequate' to 'Adequate', Consequence Rating downgraded from 'Major' to 'Moderate' and Likelihood downgraded from 'Possible' to 'Unlikely'. This has resulted in an overall level of risk reduction from 'SIGNIFICANT' to 'MODERATE'.
- Risk 3 (Financial Sustainability) - Control Rating downgraded from 'Inadequate' to 'Adequate', Consequence Rating downgraded from 'Catastrophic' to 'Major' and Likelihood downgraded from 'Possible' to 'Unlikely'. This has resulted in an overall



level of risk reduction from 'SIGNIFICANT' to 'MODERATE' and is now within Council's risk appetite for financial risks (as detailed in Council Policy – Risk Management).

- Risk 9 (Partnerships / alliances) - Consequence Rating downgraded from 'Major' to 'Moderate'. The overall level of risk has not changed and remains at 'MODERATE'.

These changes are testament to several actions being completed over the year improving the control environment and lowering the overall risk.

All other risk ratings were determined as accurate.

## 2. New and Emerging Risks

The Executive Management team are currently investigating whether employee work, health and safety should be detailed as a Strategic Risk due to a concern that oversight and reporting mechanisms may not be adequate. In addition, there are legislative changes related to employee work, health and safety that need integration with the Shire's safety systems. In order to establish whether this is indeed the case and significant enough to become a strategic risk, Officers will investigate the matter (potentially through an internal audit) and report back to the Audit, Risk and Governance Committee at the future meeting.

## 3. Updates to Risk Mitigation Strategies

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

#### Risk 2 (Organisational Workforce)

- Action 9 – *Incorporate election outcomes into the annual Corporate Business Plan Review* is complete and added as control 7. The Corporate Business Plan incorporates the election commitments and will be considered by Council at the August Ordinary Council Meeting.

#### Risk 3 (Financial Sustainability)

- Action 3 - *Engage with the State Government to identify options and a way forward to address rating inequity in the Shire in the longer term* will remain ongoing and is therefore added as Control 10. The Shire has engaged with the State Government and will continue to do so.
- Action 4 - *Develop a Council paper to propose the adoption of a Rating Strategy that provides a framework for rating equity in the Shire* is complete and added as Control 11. At the June Ordinary Council meeting, Council agreed to advertise the rating strategy for community consultation and at the July Special Council Meeting, Council adopted the rating strategy.

#### Risk 4 (Organisational Capability)

- Action 1 – *Finalisation of Local Planning Strategy* was approved by the WAPC in June 2021 and is complete. Control 1 has been updated to reflect that the Strategy is in place.
- Action 4 – *Finalise draft district structure plans for Byford and Mundijong* is complete and control 3 has been updated to reflect. The District Structure Plans were approved by Council in November 2020.



#### Risk 5 (Organisational Efficiency)

- Action 1 – *Hardware Implementation for works* is complete and Control 10 has been updated to remove the commentary that the hardware is still to be implemented. Operations staff are now using iPads in the field to facilitate the Works OneComm module.

#### Risk 5 (Bushfire Management)

- Action 4 - *Implement the program of works according to the Mitigation Activity Funding Project List* is complete. Bushfire Mitigation Activity Funding is already included as control 9, however the words 'and implementation of mitigation works' has been added to the control.
- Action 5 - *Record all permits to burn issued by the Shire and ensure community safety team regulate the enforcement of conditions placed on these permits*. This was completed for the 2020-21 financial year and is already included as control 7. As the Executive would like to focus and report on this action again in the 2021-22 financial year, it has been added as a new action (no. 11).
- Action 7 - *Apply for 2021-22 Bush Fire Mitigation Funding* is complete. The Shire received \$288K in mitigation grant funds for implementation in the 2021-22 financial year. As noted above, Bushfire Mitigation Activity Funding is already included as control 9 however the implementation of works has been added as new action no. 10.
- Action 8 - *Undertake a feasibility study for a back up generator for the communications tower in Jarrahdale* is complete. In requesting quotations for the study to be completed, responses were received that indicated the back-up power solution was feasible and could be implemented for slightly more than the cost of the study. The generator is in process of being installed, expected to be complete by December 2021. Control 26 has been updated to reflect.

#### Risk 8 (Asset Management)

- Action 1 – *Link operational schedules to assets through the Shire's ERP to better manage funds available* is complete and added as control 10. The current asset register links to the Shire's financial data. It is recognised that improvement is still required and as such, the Asset Maturity Project has been added as new action 5 (refer to New Actions below).

#### Risk 9 (Partnership / Alliances)

- Action 1 – *Exploration of the Shire Becoming a City* is complete and has been removed as an action however it has not been added as a control. Two new mitigation actions have instead been added (refer to New Actions below) to directly manage the current risk.

#### Risk 11 (Desirable place - Economy)

- Action 3 – *Trails Planning (Jarrahdale Trails Town Strategy and Implementation Plan)* is complete and added as control 19. The draft Strategy and Plan were received by Council in June 2021 and have been issued for community feedback. The final documents will be presented to Council in September.



### **Actions amended**

#### Risk 1 (Culture)

- Action 4 – *Implement a bi-annual staff culture engagement survey* has been **removed**. As the Biennial Staff Survey is already a control and is in place (no. 4) this action is a duplication. In addition, all human resources and payroll business operating procedures are currently under review. Through this process staff feedback and input is actively sought, providing an additional measure of engagement and indication of current organisational culture. Several additional surveys have also been completed this year, including on the code of conduct, reward and recognition process and flexible working arrangements.

#### Risk 2 (Organisational Workforce)

- Action 2 – *Develop an Employee Value Proposition* **due date amended** to 30 June 2022 (was 1 October 2021). This due date aligns with the Organisational Development Roadmap review adopted by Council in July 2021.
- Action 7 - *Implement the new office accommodation plan* **due date established** as 30 June 2023, now that Council has resolved to proceed with the project and the project is within the Corporate Business Plan.
- Action 8 – *Implement actions within the Organisational Development Roadmap* has been **removed**. Significant actions from this plan that address respective risks are detailed in their own right and so this action is a duplication.

#### 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 31 December 2021 (was 30 June 2021). The Shire is still awaiting approval of these plans by the WA Planning Commission (endorsed by Council in November 2020).

#### Risk 4 (Organisational Capability)

- Action 1 – *Finalisation of the Local Planning Scheme* **due date amended** to 31 December 2021 (was 30 June 2021). The Shire is still awaiting approval of the scheme by the WA Planning Commission (scheme endorsed by Council in June 2020).
- Action 4 – *Finalise the developer contribution plans for Byford and Mundijong* **due date amended** to 31 December 2021 (was 30 June 2021). The Shire is still awaiting approval of the DCP's by the WA Planning Commission (plans endorsed by Council in November 2020).

#### Risk 5 (Organisational Efficiency)

- Action 1 - *Automation of business processes in future ERP modules (for example Works and Assets)* **description amended** to “Automation and improvement of Asset module within OneComm (Asset Maturity Project)” and the **due date** amended to 30 June 2022. Now that the Asset and Works module are implemented within OneComm, this description better reflects the plan going forward. The Asset Maturity project within the Corporate Business Plan was developed following the Committee's request in May 2021 to give higher consideration and prioritisation in ensuring mitigation actions related to the Asset Management risk are carried out. In addition to this, Council have approved the recruitment of a Business Systems



Analyst – Assets and this description better reflects the work to undertaken by this Officer. It should also be noted that this position has been vacant for some time which has limited the ability for this project to have progressed to its full potential.

#### Risk 6 (Bushfire Management)

- Action 2 - *prepare bush fire management plans for all outstanding shire reserves and a schedule of implementation works in accordance with management plans* **due date amended** to 31 December 2022 (was 31 December 2021) and **status** amended from 'Not Started' to 'In Progress'. With Council supporting the employment of a second mitigation officer through the 2021-22 budget adoption (July 2021) this action is now underway. Extending the due date provides for the recruitment of the officer to occur and sufficient time for the officer to undertake comprehensive planning in order to implement the action.

#### Risk 8 (Asset Management)

- Action 4 - *Begin implementing the condition survey program for each asset class* **due date amended** to 30 June 2022 (was 30 June 2021). This allows time for the asset maturity project to be undertaken to ensure the effectiveness of the assessment, i.e. that it is based on quality data, and consideration of resourcing i.e. whether to undertake it internally or engage a third party. As noted above, the recruitment of the Business Systems Analyst – Assets can ensure this action is achieved.

#### Risk 12 (Desirable place – Economy)

- Action 1 - *Move towards a place making model for Byford and Jarrahdale town centres* is **removed**. As Council did not support a resource for place planning, the project was removed from the Corporate Business Plan at its annual review. Removal of the action from the register aligns to this decision.
- Action 3 - *Trails Planning (Masterplan for Equine Trails and a Design and Implementation Plan for the Bibbulmun Track Loop)* **description** updated to "Trails Planning (Design and Implementation Plan for the *Mounts* Track Loop" to align with Council's May 2021 resolution to reframe the project to a standalone multi day trail known as the Mounts Loop trail. The **due date** has also been **extended** to 31 December 2021 (was 30 June 2021). This is to allow more time for the Equine Trails Masterplan to be completed (the now completed Jarrahdale Trails Town Strategy and Implementation Plan was prioritised).
- Action 4 - *Develop West Mundijong Industrial Area Local Structure Plan* **due date extended** to 31 December 2021 (was 30 June 2021). The Shire is still awaiting approval of this plan by the WA Planning Commission (endorsed by Council in March 2021).

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

- Action 3 - *Move towards a place making model for Byford and Jarrahdale town centres* is **removed**. As Council did not support a resource for place planning, the project was removed from the Corporate Business Plan at its annual review. Removal of the action from the register aligns to this decision.

It should be noted that several of the amendments described above are the result of recent developments including the 2021-22 budget adoption and its associated new FTE and completion of the annual integrated planning and reporting process including



review of the Corporate Business Plan and Organisational Development Roadmap. The new due dates ensure alignment with these important processes that consider timing, resources and structure.

### **New actions**

#### Risk 1 (Culture)

- Action 5 - *Review the Employee induction process and implement improvements due 30 December 2022.* This is an important piece of work currently underway to help mitigate the risk.

#### Risk 8 (Asset Management)

- Action 5 – *Asset Maturity Project due 30 June 2022.* As described above, this project was developed following the Committee's request in May 2021 to give higher consideration and prioritisation in ensuring mitigation actions related to the Asset Management risk are carried out. This project (and recruitment of the Business Systems Analyst – Assets) are key to achieving the other risk mitigation strategies on this risk.

#### Risk 9 (Partnerships / alliances)

In recognition that the controls on this risk largely focus on the Peel region, the following actions have been added to further explore relationships in the metropolitan area:

- Action 2 - *As part of the Major Strategic Review, canvas the community's view in building greater alliances north and west of the metro area due 30 June 2022.*
- Action 3 - *Explore opportunities for alliances with north and west local government groupings due 30 June 2022.*

#### Risk 12 (Desirable place - Economy)

With completion of the Jarrahdale Trails Town Strategy and Implementation Plan and the annual review of the Corporate Business Plan, the following actions have been added to address this risk:

- Action 6 - *Masterplan of Trails Centre at Lot 814 Jarrahdale Road, Jarrahdale due 30 June 2022.*
- Action 7 - *Heritage Park Business Case due 30 June 2022.*
- Action 8 - *Jarrahdale Equine Trails Network Concept Plan due 31 December 2021.*
- Action 9 - *Jarrahdale Oval Master Plan due 30 June 2022.*

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

- Action 5 - *Equine Facility Feasibility Study due 30 March 2022.* This is a new project incorporated into the Corporate Business Plan that addresses this risk.

## **4. Other**

- The Risk Description for Risk 6 (Bushfire Management) has been placed in the correct column (was sitting in Causes).
- Control 28 - *Membership on the Byford CFRS working group aiming to establish a career fire station (Initial step is to identify land)* has been added to Risk 6 (Bushfire Management).



- Several other minor amendments to wording were also made to the register this review. Given this, a complete tracked changes version of the register is attached to this paper for the Committee's information at **attachment 2**.

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

### **Options and Implications**

#### Option 1

The Committee recommend 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. NOTES the improvements made to the overall risk environment.

#### Option 2

The Committee recommend 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

The Committee recommend 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 14 mitigation actions now complete, which is the highest number reported to date. The comprehensive review of risk ratings this quarter sees the overall risk rating reduce for two risks, with one of those (Financial Sustainability) now within Council's risk appetite. Recognising however that work still needs to be done, and in light of the recent Corporate Business Plan review, nine new mitigation actions have been added to the register against their respective risks.

### **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 (E21/8904)



### Alignment with our Strategic Community Plan

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

### Financial Implications

There are no financial implications associated with this report.

### 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.
3. NOTES the improvements made to the overall risk environment.

**ARG012/08/21**

**AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION**

**Moved Cr Rich, seconded Mr Casilli**

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

- 1. NOTES the Strategic Risk Register Review as contained within this paper.**
- 2. ENDORSES the updated Strategic Risk Register as contained within attachment 1, with the following amendments:**
  - Insertion of “Loss of grant funding due to the untimely delivery of works” as a cause to Risk 3 – Financial Sustainability;**
  - Insertion of “Investigate routine reporting to Council on the status of grant funded works” as a risk mitigation action to Risk 3 – Financial Sustainability with a due date of 31 December 2021.**
- 3. NOTES the improvements made to the overall risk environment.**

**CARRIED UNANIMOUSLY 6/0**

*Reason for difference to Officer Recommendation*

*So that Council is aware of the risk to regional road funding in potential to delays or work that is not completed within timeframes set out in the regional road group procedures / protocols.*

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



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**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 5:59pm.

I certify that these minutes were confirmed at the Audit, Risk and Governance Committee Meeting held on  
1 November 2021.

..... Presiding Member – \_\_\_\_\_

..... Date

Unconfirmed