



Shire of
Serpentine
Jarrahdale

Audit, Risk and Governance Committee Meeting

Unconfirmed Minutes

Monday, 27 May 2024

5:30pm

Contact Us

Enquiries

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In Person

Shire of Serpentine Jarrahdale

6 Paterson Street, Mundijong WA 6123

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



www.sjshire.wa.gov.au



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Minutes of the Audit, Risk and Governance Committee Meeting held in the Council Chambers, Civic Centre, 6 Paterson Street, Mundijong, on Monday, 27 May 2024.

The Presiding Member, Councillor Mack declared the meeting open at 5:30pm and welcomed Committee Members and Staff.

Councillor Mack acknowledged the Noongar people of the Boodja – the land – that we gather on today. For thousands of years their connection to Country has provided knowledge, guidance, spirituality, and life. We pay our respects to this ongoing connection, as well as to their Elders past, present and emerging.

The Presiding Member, Councillor Mack 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):

Elected Members: S Mack.....Presiding Member
R Coales
R Jerrett
N Bishop
C Mazzini
T Duggin (arrived at 5.49pm)

External Members: Ms E Newby
Mr J Curulli

Officers: Mr P Martin.....Chief Executive Officer
Mr R Najafzadeh.....Director Infrastructure Services
Mr B Oliver.....Director Community Engagement
Ms F Sullivan..... Director Corporate Services
Mr A TrosicDirector Development Services
Mrs C Mortimer.....Manager Corporate Performance
Ms E Liley.....Governance Officer (Minute Taker)

Apologies: M Byas, Elected Member

Observers: Nil



2. Public Questions:

Nil.

3. Deputations:

Nil.

4. Declaration of Committee Members and Officers interest:

Nil.

5. Receipt of minutes or reports and consideration of adoption of recommendations from Committee meetings held since the previous Council meetings:

5.1 Minutes of previous Audit, Risk and Governance Committee Meetings:

5.1.1 - Audit, Risk and Governance Committee Meeting – 26 February 2024

ARG05/05/24

AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION

Moved Ms Newby, seconded Mr Curulli

That the minutes of the Audit, Risk and Governance Committee Meeting held on 26 February 2024 be CONFIRMED (E24/2980)

CARRIED UNANIMOUSLY 8/0



6. Reports for consideration:

6.1 – Strategic Risk Register Quarterly Review Report – May 2024 (SJ2881)	
Responsible Officer:	Manager Corporate Performance
Senior Officer:	Director Corporate Services
Disclosure of Officer's Interest:	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .

Authority / Discretion

Information	For the Council / Committee to note.
Executive	The substantial direction setting and oversight role of the Council such as adopting plans and reports, accepting tenders, directing operations and setting and amending budgets.

Report Purpose

The purpose of this report is to provide the Audit, Risk and Governance Committee (the Committee) an overview of the 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 – 18 March 2024 – OCM032/03/24 - COUNCIL RESOLUTION / Officer Recommendation - extract</i></p> <p><i>That Council:</i></p> <p>3. ADOPTS Audit, Risk and Governance Committee Resolution ARG04/02/24 and:</p> <ol style="list-style-type: none">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;<ul style="list-style-type: none">• Add “within 42 days” to the target date wording of Risk Mitigation Strategy Action 9 of Risk 7

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 – May 2024

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 – May 2024

1. Risk Rating Reviews

Risk 11 (Community Engagement)

- Action 2 – With the action Review of the Strategic Communications Plan now complete, the risk rating for the risk of 'failure to effectively engage with the community to build trust, deliver outcomes and manage expectations' has been reassessed accordingly. Reassessment deemed the level of risk to remain MODERATE, with no changes to the consequence rating of moderate and the likelihood rating of possible. Engagement with the community continues to be a high priority and early discussions are underway to inform future mitigation strategies, focussed on analysing CRM feedback. Once agreed, this may trigger future action to be undertaken and included on the Register.



2. New and Emerging Risks

- There are nil new or emerging risks this quarter however the Executive have identified the need to review the Risk Appetite Statements, and the Strategic Risk Register. With the formation of a fresh Council and Risk, Governance and Audit Committee, combined with the recent pivot in the organisational structure to appoint an Executive Manager Operations role for a two-year period, presents a timely opportunity to review and reassess the Shire's strategic risk. This work will be integrated into Service Team planning for the 2024-2025 financial year.

3. Updates to Risk Mitigation Strategies

Actions complete and moved to controls

Risk 8 (Asset Management)

- Action 4 – *Begin implementing the condition survey program for each asset class* is complete. Implementation of the condition survey program is underway for roads and pathways, buildings and open spaces. Condition survey program for each asset class is listed as Control 9. Going forward, the Shire intends to carry out asset condition surveys on rolling five-year cycles for each of the major asset classes to determine maintenance schedules, remaining useful life and how they are performing.

Risk 11 (Community Engagement)

- Action 2 - *Review of the Strategic Communications Plan* is complete and Control 1 has been updated to reflect the 2024 Plan. With the completion of this action, a risk rating review was undertaken - see section of report titled 'Risk Rating Reviews' – Risk 11).

Risk 12 (Desirable place – Economy)

- Action 7 – *Heritage Park Business Case* is complete and added as Control 27. The Heritage Park Business Plan was presented to Council at the March Ordinary Council Meeting (OCM065/03/24). Council authorised the CEO to enter into negotiation for a lease with the National Trust of WA for the Heritage Park site, and this next phase of work will be captured within the Service Team Plan of the relevant business unit accordingly.

Risk 15 (Worker Work Health and Safety)

- Action 8 – *Delivery of the works outlined on the Corrective Action Register* is complete and added as Control 16. All 48 actions have been completed and closed.

Actions amended

Risk 15 (Worker Work Health and Safety)

- Action 5 – *Undertake works necessary to ensure compliance to revised WHS legislation adhering to ISO45001 standard* target date amended to 31 December 2024 (was 31 March 2024). Updates from WorkSafe on Code of Practice require incorporation into Shire Business Operating Procedures, and revision of relevant Business Operating Procedures is underway. Based on current workforce capacity and recent staff turnover within the Work, Health and Safety team, Officers will engage a consultant to finalise the outstanding procedures.



- Action 6 – *Undertake an internal WHS audit on the Safety Management System* target date amended to TBA (was 31 May 2024). The Internal Audit program has not progressed since the departure of the Manager Governance and Strategy. A workshop with the Audit, Risk and Governance Committee to discuss the internal audit structure and program of work is scheduled for May 2024. Following this, the internal audit structure and program will recommence and be provided to the Committee for endorsement at a future meeting.

Risk 17 (ICT Internal Control)

- Action 2 - *Review of ICT department resources to implement findings of the ICT General Controls Audit Report 2023 (ARG016/08/23)* target date amended to 31 July 2024 (was 30 April 2024) to align with the 2024-25 budget process. The ICT department have submitted new FTE business cases, for 2024-25 budget consideration.

New actions

Nil

4. Other

- The *Strategic Objectives* of the Risk Register have been updated to align with the new pillars of the recently adopted Council Plan (OCM313/12/23); Thriving, Liveable and Connected.

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

Supplementary Commentary

The following accompanying information to the Executive risk review this quarter is provided to the Committee for noting. The purpose of providing this information is to remain transparent about known issues that may impact strategic risk in future reporting periods.

- The Executive have identified that the due date on Action 9, Risk 2 (*Investigate the use of contractors to address resource shortage within the Parks and Gardens Business Unit*) may require review next reporting period. In recent months, the implementation of Local Service Agreements (LSA's) has seen positive results in addressing resource shortages. Business cases have been submitted for new FTE, for 2024-25 budget consideration. The development and implementation of maintenance schedules will assist to identify any further resource shortage gaps to address. Additionally, an Executive Manager Operations is due to commence with the Shire in June for a two-year period, who will be responsible for addressing this matter.
- Action 5 of Risk 5 (Organisational Efficiency) – Implement OneComm Phase 3 is at risk and will require an extension next reporting period. A project update was presented at the May 2024 Policy Concept Forum following a review of the project timeline. A report to Council on this matter will be presented at the June Ordinary Council Meeting.



- An agenda report, Council Policy and Strategy regarding Asset Management is progressing to Council for consideration at a future Ordinary Council Meeting. In addition, 2024-25 budget consideration for resourcing within the Asset Management team is currently underway. Pending the outcome of both the budget considerations and the report progressing to Council, target dates may be realigned in the next reporting period, for the following action items related to Asset Management:

Risk 6 (Bushfire Management)

- Action 15: Update / Improve asset data for drains to inform maintenance schedules
- Action 17: Develop a baseline maintenance schedule for open drains and review and improve maintenance schedules for open drains based on improved data
- Action 18: Develop a long term / further detailed schedule including timelines and costings for roadside verges for rural roads

Risk 8 (Asset Management)

- Action 3: Develop a Bridge Asset Management Plan
- Action 5: Asset Maturity Project

Options

Option 1

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

1. NOTES the Strategic Risk Register Review as contained within this paper.
2. ENDORSES the updated Strategic Risk Register as contained within **attachment 1**.

Option 2

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

1. DOES NOT NOTE the Strategic Risk Register Review as contained within this paper.
2. DOES NOT ENDORSE the updated Strategic Risk Register as contained within **attachment 1**.

Option 3

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

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

Option 1 is recommended.

Conclusion

This reporting period, a summary of progress towards mitigation includes the completion of four actions resulting in three new or updated controls. Target dates of two actions have been amended due to resource capacity or 2024-25 budget consideration.



The review this quarter also includes the realignment of the Strategic Risk Register objectives with the Council Plan 2023 – 2033 pillars of Thriving, Liveable and Connected.

The ongoing reporting and monitoring of Strategic Risk provide assurance to the Committee and Council that the register is being monitored and mitigation actions are underway. It is also a key tool in supporting the Committee's and Council's responsibilities pertaining to risk management.

Attachments (available under separate cover)

- **6.2 - attachment 1** – Strategic Risk Register (E20/8711)
- **6.2 – attachment 2** - Strategic Risk Register – Tracked Changes (E24/6401)

Alignment with our Council Plan 2023-2033

Thriving
1. Plan for the sustainable growth of the Shire of Serpentine Jarrahdale
4. Ensure sustainable and optimal use of Shire resources and finances

Financial Implications

There are no financial implications associated with this report. The recommendation of additional or amended risks or controls by the Committee may be financial implications for Council to consider.



Risk Implications

Risk has been assessed on the Officer Options:

Officer Option	Risk Description	Controls	Principal Consequence Category	Risk Assessment			Risk Mitigation Strategies (to further lower the risk rating if required)
				Likelihood	Consequence	Risk Rating	
1	There are no significant risks associated with this option.						
2	If the Committee 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



Councillor Duggin entered the meeting at 5.49pm.

Voting Requirements: Simple Majority

ARG06/05/24

AUDIT, RISK AND GOVERNANCE COMMITTEE RESOLUTION

Moved Ms Newby, Seconded President Coales

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:**
 - Include "Council Policy 5.3.5 - Complaints Resolution" as a control under Strategic Risk 11 under Community Engagement.**

CARRIED UNANIMOUSLY 8/0

Reason for difference to Officer Recommendation:

To capture the customer complaints policy as a control.

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



7. Motions of which notice has been given:

Nil.

8. Urgent business:

Nil.

9. Closure:

There being no further business, the Presiding Member declared the meeting closed at 6:01pm.

Officers assisting the meeting stopped the recording of the meeting.

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

.....Presiding Member – Councillor Mack

.....Date

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