



Shire of  
Serpentine  
Jarrahdale

# **Audit, Risk and Governance Committee Meeting**

## **Unconfirmed Minutes**

**Monday, 26 August 2024**

**5:30pm**

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### **Contact Us**

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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](http://www.sjshire.wa.gov.au)



## Table of Contents

1. Attendances and apologies (including leave of absence): .....	3
2. Public Questions:.....	4
3. Deputations: .....	4
4. Declaration of Committee Members and Officers interest: .....	4
5. Receipt of minutes or reports and consideration of adoption of recommendations from Committee meetings held since the previous Council meetings: .....	4
5.1 Minutes of previous Audit, Risk and Governance Committee Meetings: .....	4
5.1.1 - Audit, Risk and Governance Committee Meeting – 27 May 2024.....	4
6. Reports for consideration: .....	5
6.1 – Strategic Risk Register Quarterly Review Report – August 2024 (SJ2881).....	5
7. Motions of which notice has been given:.....	15
8. Urgent business:.....	15
9. Closure: .....	15



Minutes of the Audit, Risk and Governance Committee Meeting held in the Council Chambers, Civic Centre, 6 Paterson Street, Mundijong, on Monday, 26 August 2024.

The Presiding Member, Councillor Mack declared the meeting open at 5.33pm 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.

**The Presiding Member made an announcement that the second tranche of Local Government Reforms, which have been introduced into Parliament, will impact the Audit, Risk and Governance Committee. A report on the relevant reforms will be presented to the next Committee meeting.**

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## Minutes

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

**Elected Members:** S Mack.....Presiding Member  
R Coales  
R Jerrett  
N Bishop  
C Mazzini  
M Byas  
T Duggin

**External Members:** Nil

**Officers:** Mr P Martin.....Chief Executive Officer  
Mr R Najafzadeh.....Director Infrastructure Services  
Mr B Oliver.....Director Community Engagement  
Ms C Mortimer.....A/Director Corporate Services  
Mr A Trosic .....Director Development Services  
Mr F Jamodien.....Executive Manager of Operations  
Ms D Merritt.....Coordinator Governance (Minute Taker)

**Apologies:** Ms E Newby  
Mr J Curulli

**Observers:** Nil



## 2. Public Questions:

Nil.

## 3. Deputations:

Nil.

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

Councillor Nathan Bishop declared an Impartiality Interest in Item 6.1 – Strategic Risk Register Quarterly Review Report – August 2024. The nature of the interest is Impartiality given I am a member of the Oakford Bushfire Brigade. The extent of my interest is the item includes the Oakford Bushfire Brigade station project, which has been added to the register.

## 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 – 27 May 2024

**ARG07/08/24**

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

**Moved Cr Duggin, seconded Cr Mack**

**That the minutes of the Audit, Risk and Governance Committee Meeting held on 27 May 2024 be CONFIRMED (E24/7269)**

**CARRIED UNANIMOUSLY 7/0**



## 6. Reports for consideration:

Councillor Nathan Bishop declared an Impartiality Interest in Item 6.1.

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

### Authority / Discretion

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

### Report Purpose

The purpose of this report is to provide the Audit, Risk and Governance Committee (the Committee) an overview of the quarterly review undertaken on the Shire's Strategic Risk Register and provide the Committee with the updated Strategic Risk Register for recommendation to Council for endorsement.

### Relevant Previous Decisions of Council

<p><i>Ordinary Council Meeting – 17 June 2024 – OCM147/06/24 - COUNCIL RESOLUTION - extract</i></p> <p><i>That Council:</i></p> <p><i>2. ADOPTS Audit, Risk and Governance Committee Resolution ARG06/05/24 and:</i></p> <p><i>1. NOTES the Strategic Risk Register Review as contained within this paper.</i></p> <p><i>2. ENDORSES the updated Strategic Risk Register as contained within attachment 1 with the following amendments:</i></p> <p><i>- Include "Council Policy 5.3.5 - Complaints Resolution" as a control under Strategic Risk 11 Community Engagement</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**

N/A

### **Statutory Environment**

Regulation 17 of the *Local Government (Audit) Regulations 1996* (WA) ('the Regulations') require the CEO to review the appropriateness and effectiveness of the Shire's systems and processes in relation risk management, internal control and legislative compliance (r. 17(1)). The review may include any or all of the abovementioned matters (r. 17(2)) and the results of any review must be reported to the Shire's Audit, Risk and Governance Committee (r. 17(3)). Each matter must be the subject of a review not less than once in every 3 financial years (r. 17(2)).

The most recent review of risk management was completed by the Shire in the 2021-22 financial year and considered by the Committee at its February 2022 meeting. The next review is due no later than 30 June 2025.

### **Comment**

#### Strategic Risk Register Quarterly Review – August 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 – August 2024**

#### **1. Risk Rating Reviews**

##### **Risk 1 (Culture)**

- Action 4 – with the action '*Action plan including milestones and timelines for achievement, to address recommendations and actions relating to the focus areas of 'Leadership and Culture', and 'The People', from the report titled "Review of Operations and Waste, Fleet and Facilities Business Units'* now complete, the risk rating for the risk of '*Culture and values not aligned to Organisational outcomes and priorities'* has been reassessed accordingly. Reassessment deemed the level of risk to be lowered to LOW (was MODERATE), based on a consequence rating of MINOR (was MODERATE) and the likelihood rating of UNLIKELY (unchanged). Amendment of the consequence rating is based on the Shire's continued implementation of the



Organisational Development Roadmap including new Shire values, purpose statement, culture vision statement and accountability framework.

#### Risk 2 (Organisational Workforce)

- With action 10 *'Depot Accommodation Upgrades'*, action 12 *'Action plan including milestones and timelines for achievement, to address recommendations and action from the report titled 'Review of Operations and Waste, Fleet and Facilities Business Units'*, and action 13 *'Develop an implementation plan for the Employee Value Proposition'* now complete, the risk rating of *'Inability to attract and retain a quality workforce'* has been reassessed. Reassessment deemed the level of risk to be lowered to MODERATE (was HIGH) based on a consequence rating of MODERATE (was MAJOR) and a likelihood rating of POSSIBLE (was LIKELY). Recruitment continues to see good acceptance rates from skilled candidates, turnover is now within the median of industry and upgraded staff facilities including the Administration Centre Staff Amenities and Depot Accommodation, will continue to improve retention rates.

### 2. New and Emerging Risks

There are nil new or emerging risks this quarter, however as previously reported the Executive have identified the need to review the Risk Appetite Statements and the Strategic Risk Register, and this work has been integrated into the Corporate Performance Team's Service Team Plan for the 2024–2025 financial year. Further detail is provided in the 'Supplementary Commentary' section of this report.

### 3. Updates to Risk Mitigation Strategies

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

#### Risk 1 (Culture)

- Action 4 – with the action *'Action plan including milestones and timelines for achievement, to address recommendations and actions relating to the focus areas of 'Leadership and Culture', and 'The People', from the report titled "Review of Operations and Waste, Fleet and Facilities Business Units'* now complete, a risk rating review was undertaken (see section of report titled 'Risk Rating Reviews' – Risk 1).

Risk causes and controls have been reviewed, and 'Leadership Development' has been added as Control 13.

#### Risk 2 (Organisational Workforce)

- Action 10 – *Depot Accommodation Upgrades* is complete and added as Control 13.
- Action 12 – *Action plan including milestones and timelines for achievements, to address recommendations and actions from the report titled 'Review of Operations and Waste, Fleet and Facilities Business Units* is complete and added as Control 14. At the February 2024 Ordinary Council Meeting, Council approved the creation of a two-year Executive Manager Operations role to meet the current and future demands of the organisation. A progress report outlining the status of the Glen Flood recommendations and actions supported this recruitment proposal (OCM030/02/24). On commencement, the Executive Manager Operations received handover of the action plan in regard to the Glen Flood Review, as the Officer responsible to continue to drive and implement the recommendations and actions of the Review over the next two years.



- Action 13 – *Develop an implementation plan for the Employee Value Proposition* is complete. All staff surveys have been conducted, the Employee Value Proposition has been formulated and the modules of this plan are now being implemented.

#### Risk 6 (Bushfire Management)

- Action 2 - *Prepare bush fire management plans for Shire reserves adjacent to assets assessed as 'high risk' or above* has been completed and added as Control 15. An overview of the project and the work accomplished was presented to the Executive Management Group in June 2024.

#### Risk 8 (Asset Management)

- Action 5 – *Asset Maturity Project* is complete and forms part of Control 8 (Asset Management Strategy). The Shire has updated data for all major asset classes, noting the data is only accurate at a specific point in time. A revised Asset Management Strategy is being presented to Council at a future Ordinary Council Meeting and includes a contingency program for future condition assessments.

#### Risk 16 (Capital Projects)

- Action 2 - *Explore opportunities to deliver major projects in partnership (e.g. with other local governments)* is complete. The Shire partners with a range of agencies to support the delivery of quality infrastructure to the community. State Government and/or Developer delivered Projects to which the Shire provides support, are now incorporated into the Service Plan Summary section of the Corporate Business Plan 2024-2028, and include the Tonkin Highway Extension, Byford Metronet, Byford Health Hub and Jarrahdale Horse Trails Project.
- Action 3 – *Embed and enhance the Project and Contract Management Framework tools to strengthen Project Maturity* is complete. This has been achieved through the continued implementation and facilitation of Project Board Meetings, risk management, change control, governance, stage gates, reporting and utilisation of the PLM module. Capital projects managed and delivered in accordance with the Project Management Framework will ensure that decisions are made, and issues are resolved consistently, efficiently, effectively and transparently across projects.

#### 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)* is complete. In response to a report presented at the June Ordinary Council Meeting on ICT resourcing, Council requested business cases be submitted as part of the 2024-25 budget process for consideration (OCM172/06/24), which occurred. In addition to this action being complete, an update has been made to Control 13, to reflect the completion of the IT Disaster Recovery Plan.

#### **Actions amended**

#### Risk 2 (Organisational Workforce)

- Action 7 – *Implement the new Office Accommodation Plan* is a three stage action. Staff Amenities (Stage 2a) is now complete. Council Chambers (Stage 2b) and Office Accommodation (Stage 2c) are still in progress and target dates remain unchanged (31 March 2025 and 30 June 2026 respectively)





- Action 9 - *Investigate the use of contractors to address resource shortage within the Parks and Gardens Business Unit* target date has been amended to 30 September 2024 (was 30 June 2024). With the recent recruitment of an Executive Manager Operations as well as a new Manager Operations, this action is under further investigation by Officers, and will be addressed in a future report.

Risk 5 (Organisational Efficiency)

- Action 5 – *Implement OneComm Phase 3* target date amended to 30 June 2027 (was 31 July 2025), to align with the revised implementation strategy for the OneComm Project, agreed by Council (OCM172/06/24).

Risk 6 (Bushfire Management)

- Action 14 - *Prepare the 5 year Reserve (Natural Area Reserves) management plan for Council consideration: Develop a business case for engagement of a consultant to undertake project delivery* is complete, and the business case was considered as part of the 2024-25 budget process. The subsequent action '*Present 5 year Reserve (Natural Area Reserves) management plan to Council*' target date has been updated to 30 June 2026 (was TBA) and status 'In progress', to align with the Corporate Business Plan 2024-2028.
- Action 15 - *Update / Improve asset data for drains to inform maintenance schedules* target date amended to 31 December 2025 (30 June 2024). As previously reported, an agenda report, Council Policy and Strategy regarding Asset Management is progressing to Council for consideration at a future Council Meeting. This target date has been realigned in accordance with asset management prioritisation and resource capacity. The position of Asset Management Coordinator was approved as part of the 2024-2025 Financial Year Budget (SCM003/07/24).
- Action 16 – *Review the level of service as it pertains to open drains and roadside verges with Council* amended to 'In Progress' (was Not Started).
- Action 18 - *Develop a long term / further detailed schedule including timelines and costings for roadside verges for rural roads*, target date amended to 31 December 2024 (was 30 June 2024). With the recent recruitment of an Executive Manager Operations as well as a new Manager Operations, this action is under review by Officers and will be addressed in a future report.

Risk 7 (Environment Sustainability)

- Action 7 – *Implementation of FOGO* target date amended to 30 June 2027 (was 30 June 2025) to align with the Corporate Business Plan 2024-2028.

Risk 8 (Asset Management)

- Action 3 – *Develop a Bridge Asset Management Plan* target date amended to 30 June 2025 (was 30 June 2024). As previously reported, an agenda report, Council Policy and Strategy regarding Asset Management is progressing to Council for consideration at a future Council Meeting. This target date has been realigned in accordance with asset management prioritisations and resource capacity.



The position of Asset Management Coordinator was approved as part of the 2024-2025 Financial Year Budget (SCM003/07/24).

Risk 9 (Partnerships / alliances)

- Action 4 - *Consider membership on the South East Corridor Councils Alliance* target date is amended to 30 June 2025 (30 June 2024). Continued liaison with the South East Corridor Councils Alliance (SECCA) regarding the Shire's membership to the group is occurring. The Shire continues to optimise partnerships and collaborate where possible to deliver favourable outcomes, and are currently working with the City of Rockingham, advocating for the handover of Mundijong Road to Main Roads WA.

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

- Action 4 – *Keirnan Park Recreation Precinct (Construction of Stage 1a)* has been removed from Risk 13 and added as an action to Risk 16 - Capital Projects (see section of report titled 'Actions amended' – Risk 16).

Risk 16 (Capital Projects)

- Action 4 – Implement Investment Prioritisation and Optimisation has been removed due to duplication. This action forms part of the OneComm Phase 4 implementation, and has been identified and included within the revised OneComm implementation strategy agreed by Council (OCM172/06/24).
- Action 6 - *Keirnan Park Recreation Precinct (Stage 1A)* has been added (moved from Risk 13 – Desirable place – Vibrant community in a rural setting). Target date remains as 31 December 2025 and status 'In Progress' (unchanged). With the Project Management Framework now in place, and a shift from embedding and enhancing the Framework, to now focus on the delivery of capital projects in accordance with the Framework, the Shire's key major capital projects including Keirnan Park become the action/s to mitigate Risk 16 – *'Failure to deliver major capital projects at quality and within budget'*.

Risk 17 (ICT Internal Control)

- Action 1 - *Implement the management actions from the ICT General Controls Audit Report 2023 (ARG016/08/23)* target date is amended to 30 June 2026 (was 30 September 2024). Business cases were submitted for consideration as part of 2024-25 budget process, and due to budget limitations, will be considered in future funding years.

**New actions**

Risk 2 (Organisational Workforce)

- Action 14 - *Approval and communication of new organisational benefits* has been added, with a target date of 31 December 2024, and status 'In Progress'.

Risk 4 (Organisational Capability)

- Action 1 – *Finalisation of modifications to the Mundijong District Structure Plan* has been added, with a target date of 30 June 2025, and status 'In Progress'.
- Action 2 – *Procurement of consultant to commence the Infrastructure Staging Plan for the Shire of Serpentine Jarrahdale, in collaboration with the Peel Development*



*Commission (Subject to funding commitment)* has been added, with a target date of 31 December 2025, and status 'Not Started'.

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

- Action 5 – *Byford Pump Track* has been added, with a target date of 31 March 2025 and status 'In Progress'

Risk 16 (Capital Projects)

- Action 8 - *Oakford Bush Fire Brigade Station* has been added, with a target date of 31 January 2026 and status 'In Progress'.

Risk 17 (ICT Internal Control)

- Action 3 – *Develop a Cloud Migration Strategy to assist with migration of the length of time to recover all systems in the event of a disaster* has been added, with a target date of 31 March 2025 and status 'In Progress'.

#### 4. Other

Risk 16 (Capital Projects)

- Risk Owner updated to Director Infrastructure Services (was Director Corporate Services), to best align with organisational structure. The Office of Major Projects lies within the Infrastructure directorate; however, it should be noted that each Capital Project is assigned a Project Manager, a Program Manager and a Project Sponsor. Each role and respective responsibilities are defined within the Project Management Framework, to ensure the successful delivery of projects.

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.

- A comprehensive review of the Strategic Risk Register is required to be undertaken by 30 June 2025, in accordance with the requirements of *Regulation 17 of the Local Government (Audit) Regulations 1996*. The continued rapid rate of growth experienced in the Shire, combined with a fresh Council; Audit, Risk and Governance Committee; and appointment of an Executive Manager Operations for a two-year period, presents a timely opportunity for this review to occur. The review aims to:
  - review and analyse 'best practice' strategic risk management processes and procedures.
  - reassess the Shire's top strategic risks that present the greatest threat to achieving the Shire's strategic objectives, for incorporation into the Register.
  - remove risks which are no longer considered a high threat due to the completion of mitigation action/s since the last review.
  - re-evaluate the Shire's Risk Appetite Statements which define the nature and extent of the risk that the Shire is willing to accept or tolerate.



During Q1 (July to September 2024), Officers will develop the full scope of the review and a timeline, to ensure the project is completed by 30 June 2025.

Workshops with the Executive Management Group; Audit, Risk and Governance Committee; and Elected Members will be incorporated into planning, to facilitate a collaborative approach throughout the review process. In addition, Officers will undertake further training on Risk Management (October 2024), to advance their knowledge, and ensure the review process is led effectively. Progress will be reported to the Audit and Risk Committee on a quarterly basis, as part of the Strategic Risk Register Quarterly Review Report.

## 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 twelve actions resulting in three new or updated controls. Target dates of seven actions have been amended due to resource capacity or 2024-25 budget consideration.

The review this quarter also includes the addition of six new mitigation actions and the review of the Risk Rating, Causes and Controls for Risk 1 (Culture).

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)

- **6.1 - attachment 1** – Strategic Risk Register (E20/8711)
- **6.1 – attachment 2** - Strategic Risk Register – Tracked Changes (E24/11572)



### Alignment with our Council Plan 2023-2033

<b>Thriving</b>
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



**Voting Requirements:** Simple Majority

**ARG08/08/24**

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

**Moved President Coales, seconded Cr Jerrett**

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

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

**CARRIED UNANIMOUSLY 7/0**

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



**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 5.40pm.

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

Unconfirmed