

**Audit and Risk
Management Committee**

MINUTES

**FOR THE MEETING HELD
WEDNESDAY 23 JUNE 2021
IN COUNCIL CHAMBERS,
WALLCLIFFE ROAD, MARGARET RIVER
COMMENCING AT 4.00PM**

Meeting Notice

Dear Councillor

I advise that an Audit and Risk Management Committee Meeting of the Shire of Augusta Margaret River will be held in Mainbreak, 41 Wallcliffe Road, Margaret River, on Wednesday 23 June 2021, commencing at 4.30pm.

Yours faithfully



STEPHANIE ADDISON-BROWN
CHIEF EXECUTIVE OFFICER

ATTENTION/DISCLAIMER

In certain circumstances members of the public are not entitled to inspect material, which in the opinion of the Chief Executive Officer is confidential, and relates to a meeting or a part of a meeting that is likely to be closed to members of the public.

No responsibility whatsoever is implied or accepted by the Shire of Augusta Margaret River for any act, omission, statement or intimation occurring during Council or Committee meetings.

The Shire of Augusta Margaret River disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement of intimation occurring during Council or Committee meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee meeting does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or intimation of approval made by any member or Officer of the Shire of Augusta Margaret River during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Augusta Margaret River.

The Shire of Augusta Margaret River advises that anyone who has any application lodged with the Shire of Augusta Margaret River must obtain and should only rely on WRITTEN CONFIRMATION of the outcome of the application and any conditions attaching to the decision made by the Shire of Augusta Margaret River in respect of the application.

The Shire of Augusta Margaret River advises that any plans or documents contained within this agenda may be subject to copyright law provisions (Copyright Act 1968, as amended) and that the express permission of the copyright owner(s) should be sought prior to their reproduction. It should be noted that copyright owners are entitled to take legal action against any persons who infringe their copyright. A reproduction of material that is protected by copyright may represent a copyright infringement.

TABLE OF CONTENTS

AGENDA LISTING	SUBJECT	PAGE NO.
1.0	DECLARATION OF OPENING	5
2.0	ATTENDANCE	5
3.0	DISCLOSURES OF INTERESTS	6
4.0	PUBLIC QUESTIONS	6
4.1	PUBLIC QUESTION TIME	6
5.0	CONFIRMATION OF MINUTES OF PREVIOUS MEETING	6
5.1	AUDIT AND RISK MANAGEMENT COMMITTEE MEETING HELD 24 FEBRUARY 2020	6
6.0	REPORTS	6
6.1	REPORT ON LOCAL GOVERNMENT AUDIT REGULATION 17 REVIEW	6
6.2	INTERIM AND END OF FINANCIAL YEAR AUDIT	10
6.3	AUDITOR GENERAL'S REPORTS	12
6.4	RISK REPORT	15
7.0	CONFIDENTIAL BUSINESS	15
8.0	CLOSURE OF MEETING	15

Minutes of the Audit and Risk Management Committee Meeting held on Wednesday 23 June 2021, in Council Chambers, 41 Wallcliffe Road, Margaret River, commencing at 4.00pm

Audit and Risk Management Committee

1.0 DECLARATION OF OPENING

The Chair welcome all in attendance and declared the meeting open at 4.00pm.

The Chair gave an Acknowledgement of Country:

'I acknowledge and respect the traditional custodians of this land and pay our respects to elders past, present and emerging, whose lands we share.'

2.0 ATTENDANCE

Shire President	:	Cr Ian Earl
Councillors	:	Cr Paula Cristoffanini Cr Pauline McLeod Cr Kylie Kennaugh
Chief Executive Officer	:	Ms Stephanie Addison-Brown
Director Sustainable Development and Infrastructure	:	Mr Nick Logan
Director Corporate and Community Services	:	Mr James Shepherd
Manager Corporate Services	:	Mr Andrew Ross
Manager Legal and Governance:		Mr Ian McLeod
Governance (Legal and Risk) Officer	:	Ms Emma Rogers
		Tim Partridge, AMD Chartered Accountants
MEMBERS OF THE PUBLIC	:	Nil
MEMBERS OF THE PRESS	:	Nil

2.1 Apologies

Nil

2.2. Approved Leave of Absence

Cr Brian Daniel

3.0 DISCLOSURES OF INTERESTS

Nil

4.0 PUBLIC QUESTIONS

4.1 Public Question Time

Nil

5.0 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

5.1 Audit and Risk Management Committee Meeting held 24 February 2021

MOTION / ARMC DECISION

CR CRISTOFFANINI, CR KENNAUGH ARMC2021/4

That the minutes of the Audit Risk Management Committee Meeting held 24 February 2021 are confirmed to be a true and correct record of the meeting.

CARRIED 4/0

6.0 REPORTS

6.1 REPORT ON LOCAL GOVERNMENT AUDIT REGULATION 17 REVIEW

LOCATION/ADDRESS	Shire of Augusta Margaret River
APPLICANT/LANDOWNER	Shire of Augusta Margaret River
FILE REFERENCE	FIN/7
REPORT AUTHOR	Andrew Ross, Manager Corporate Services
AUTHORISING OFFICER	James Shepherd, Director Corporate and Community Services

At the invitation of the Shire President, Tim Partridge of AMD Chartered Accountants provided the Committee an outline of the summary of findings and their risk ratings from the Audit Regulation 17 Review report, reviewed the individual findings and recommendations, and invited questions and provided responses.

IN BRIEF

- Regulation 17 of the Local Government (Audit) Regulations 1996 requires the CEO to review the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance.
- Legislative changes gazetted in June 2018 require these reviews to be completed not less than once in every 3 financial years when previously reviews had to be completed every 2 years.
- Three reviews have been completed previously and the results provided to the Audit and Risk Management Committee on 10 December 2014, 14 December 2016 and 26 June 2019.
- The fourth review was completed in the first half of 2021.
- AMD Chartered Accountants (AMD) were appointed to conduct the review and have prepared a report of findings and recommendations.
- The Committee are requested to consider and accept this report.

RECOMMENDATION

That the Audit and Risk Management Committee:

1. Accepts the report prepared by AMD Chartered Accountants prepared to discharge the Shire's obligations relating to Local Government Audit Regulation 17;
 2. Notes the findings and recommendations of this review; and
 3. Recommends this report be provided to Council.
-

BACKGROUND

Council's Audit and Risk Management Committee comprises all members of Council and operates in accordance with the Augusta Margaret River Audit and Risk Management Committee Instrument of Appointment and Delegation. The Committee is required to discharge the legislative obligations outlined in the *Local Government Act 1995* and the Local Government (Audit) Regulations 1996. One of these legislative obligations is to consider reviews completed in order to comply with the requirements of regulation 17 of the Local Government (Audit) Regulations 1996.

DISCUSSION/ OFFICER COMMENTS

AMD Chartered Accountants (AMD) were engaged to undertake the review in accordance with the Shire's Strategic Internal Audit Plan for the 5 years ending 30 June 2022.

AMD conducted the field work for this review during the first quarter of the 2021 calendar year with the review being completed and a draft report issued in April 2021.

Prior to and on commencement their staff members were provided the documents and other information that had been requested. During the course of the field work this information was reviewed, further information was provided, interviews conducted with relevant staff and clarifications provided as required. Further information, to clarify various processes, was requested and provided after the conclusion of the field work. Overall, staff were of the view the review conducted was very extensive and thorough.

A draft of their report was provided on 29 April 2021 and it was requested management comments be provided in response to each of their recommendations. Staff review of the report did identify some concerns with some of the recommendations proposed, particularly those relating to the risk register and complaints handling. These were discussed with AMD and some minor modifications were made to the report to provide consistency of understanding. Apart from recommendations relating to leases and complaints handling, the remaining recommendations were accepted.

Overall, for a review of this type, the report was quite positive and its recommendations provide the opportunity to improve systems and processes. The following comment in the Executive Summary reinforces this statement.

“Following the completion of our review and subject to the recommendations outlined within Sections 2 to 4, we are pleased to report that in context of the Shire’s overall internal control environment, policies, procedures and processes in place are appropriate, and have been operating effectively at the time of the review.”

The number of findings by area for this review compared to the two previous reviews are shown in the following table.

AREA	2020-21 REVIEW	2018-19 REVIEW	2016 REVIEW	2014 REVIEW
RISK MANAGEMENT	4	5	12	8
INTERNAL CONTROLS	4	5	8	5
LEGISLATIVE COMPLIANCE	2	3	2	3

AMD followed a risk assessment approach when assessing the findings and categorised the 10 findings in the following tables. The classification of risk for the findings in the previous review were 2 significant risk, 8 moderate risk and 3 minor risk. Some improvement is evident on a review to review basis in terms of the number of findings and their relative risk ratings. However, it is evident some of the findings are similar to the previous report.

The following tables were obtained from AMD’s report.

	Significant Risk	Moderate Risk	Minor Risk
Number of new issues reported	1	6	3

Ref	Issue	Risk Rating
Risk management		
Risk Management Framework and Register		
2.2.1	The Shire’s Risk Management Framework was last updated in 2014, and the Organisational Risk Register is still in development.	Significant
Risk Management Policies and Procedures		
2.2.2	We recommend further enhancements in respect to some existing policies and procedures. We identified that a number of policies and procedures are outdated or in development, and some Shire practices have no documented policy or procedure.	Moderate
Contract Management		
2.2.3	The contract management process lacks a formal risk assessment procedure. There is no formal contract review process in place to monitor the progress of a past completion review; or for contracts over a specified dollar value or considered to be high risk. Furthermore, the Compliant Contractors Register requires updating.	Moderate
Lease Management		
2.2.4	No formal procedure to monitor lease compliance. Instances identified where the lease management register requires updating.	Moderate
Internal controls		
Tendering		
3.2.1	Currently no formal process for post tender/project reviews for larger volume tenders or tenders considered to relate to high risk projects.	Moderate
3.2.2	Information and Technology Framework	Moderate

Ref	Issue	Risk Rating
	The Shire's existing IT framework relates to the 2015 – 2017 period and therefore requires updating. We also recommend further enhancements to the Shire's Information and Technology Framework.	
3.2.3	Procurement Instances identified where purchase orders were dated after invoice date.	Minor
3.2.4	Fuel Usage Analysis by Vehicle Fuel usage analysis by individual motor vehicle/plant item is not currently being undertaken on a sample or periodic basis.	Minor
Legislative compliance		
4.2.1	IT Strategic Plan Council's ICT Strategic Plan requires updating.	Moderate
4.2.2	Complaints Handling The only register of complaints being maintained is limited to those complaints against Councillors which resulted in breaches being identified.	Minor

The legislation requires reviews to be completed at least every 3 years and if the approach that was outlined in the Strategic Internal Audit Plan was to be continued the next review should be undertaken in 2022-23 and allows time for the Shire to address the findings identified in this review.

STATUTORY ENVIRONMENT / LEGAL IMPLICATIONS

The Local Government (Audit) Regulations 1996 states that:

16. An audit committee has the following functions —

- (c) is to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —
- (i) report to the council the results of that review; and
- (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
- (i) regulation 17(1); and
- (ii) the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in sub-regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

STRATEGIC PLAN / POLICY IMPLICATIONS

Community Strategic Plan 2036 (CSP)

Corporate Plan 2020-2024

Key Result Area 5: Effective leadership and governance

Community Outcome 6: Measure and report on success and sustainability

Project 5.6: Conduct the Audit Regulation 17 review.

FINANCIAL IMPLICATIONS

A budget of \$14,000 was included in job CEO03 in the 2020-21 Budget for the conduct of this review. The actual cost of the review was \$14,000 (excluding GST).

SUSTAINABILITY IMPLICATIONS

Environmental

Nil

Social

Nil

Economic

Nil

VOTING REQUIREMENTS

Simple Majority

RECOMMENDATION

That the Audit and Risk Management Committee:

1. Accepts the report prepared by AMD Chartered Accountants prepared to discharge the Shire's obligations relating to Local Government Audit Regulation 17;
2. Notes the findings and recommendations of this review; and
3. Recommends this report be provided to Council.

ATTACHMENTS

1. 2021 Regulation 17 Review prepared by AMD Chartered Accountants

RECOMMENDATION / ARMC DECISION

CR CRISTOFFANINI , CR KENNAUGH ARMC2021/5

That the Audit and Risk Management Committee:

1. Accepts the report prepared by AMD Chartered Accountants prepared to discharge the Shire's obligations relating to Local Government Audit Regulation 17;
2. Notes the findings and recommendations of this review; and
3. Recommends this report be provided to Council.

CARRIED 4/0

6.2 INTERIM AND END OF FINANCIAL YEAR AUDIT

LOCATION/ADDRESS	Shire of Augusta Margaret River
APPLICANT/LANDOWNER	Shire of Augusta Margaret River
FILE REFERENCE	FIN/7
REPORT AUTHOR	Andrew Ross, Manager Corporate Services
AUTHORISING OFFICER	James Shepherd, Director Corporate Community Services

IN BRIEF

- The annual financial audit is undertaken by the Office of the Auditor General (OAG) and has been contracted to Moore Australia for the 3 financial years 2020-21 to 2022-23.
- The annual financial audit consists of an interim audit and an end of financial year audit.
- The Committee are provided with an update of the results of the Interim Audit visit for 2020-21 and the scheduling of the end of financial year audit.

RECOMMENDATION

That the Audit and Risk Management Committee notes the information relating to these audits.

BACKGROUND

In accordance with legislation, the Shire has its financial records independently audited. In addition to an end of financial year audit, the Auditors contracted by the OAG conduct an Interim Audit to ensure financial systems and procedures are in place, are being followed and to note any instances of non-compliance or areas where improvement is required.

DISCUSSION/ OFFICER COMMENTS

The Interim Audit was conducted from 27 to 29 April 2020 by 3 staff from Moore Australia and their audit manager. In addition to the on-site visit audit processes include an audit entrance meeting, audit plan and a report documenting the results of the interim audit. This report is attached for reference and documented one finding. The finding related to timesheets not being signed by employees. Staff were aware of the item and have provided a response which outlined the processes to prevent this situation recurring. The provision of this report is not a legislative requirement and is provided for reference to ensure the local government is prepared for the annual audit.

The end of financial year audit is scheduled for the week commencing 16 August 2021 and will be conducted by Moore Australia under contract to the OAG.

STATUTORY ENVIRONMENT / LEGAL IMPLICATIONS

Regulation 16 of the Local Government (Audit) Regulations 1996 states that

“An audit committee —

(a) is to provide guidance and assistance to the local government —

(i) as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and

(ii) as to the development of a process to be used to select and appoint a person to be an auditor; and

(b) may provide guidance and assistance to the local government as to —

(i) matters to be audited; and

(ii) the scope of audits; and

(iii) its functions under Part 6 of the Act; and

(iv) the carrying out of its functions relating to other audits and other matters related to financial management;

and

(c) is to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —
(i) report to the council the results of that review; and
(ii) give a copy of the CEO's report to the council."

STRATEGIC PLAN / POLICY IMPLICATIONS

Community Strategic Plan 2036 (CSP)

Corporate Plan 2020-2024

Key Result Area 5: Effective leadership and governance

Community Outcome 2: Effective and integrated strategy, planning, financial and asset management

FINANCIAL IMPLICATIONS

Nil

SUSTAINABILITY IMPLICATIONS

Environmental

Nil

Social

Nil

Economic

Nil

VOTING REQUIREMENTS

Simple Majority

RECOMMENDATION

That the Audit and Risk Management Committee notes the information relating to these audits.

ATTACHMENTS

1. Interim Audit Report

RECOMMENDATION / ARMC DECISION

CR KENNAUGH, CR CRISTOFFANINI ARMC2021/6

That the Audit and Risk Management Committee notes the information relating to these audits.

CARRIED 4/0

6.3 AUDITOR GENERAL'S REPORTS

LOCATION/ADDRESS	Shire of Augusta Margaret River
APPLICANT/LANDOWNER	Shire of Augusta Margaret River
FILE REFERENCE	FIN/7
REPORT AUTHOR	Andrew Ross, Manager Corporate Services
AUTHORISING OFFICER	James Shepherd, Director Corporate and Community Services

IN BRIEF

- The Office of the Auditor General (OAG) undertakes performance and focus area audits that may involve local governments.
- It has been previously agreed that relevant reports be provided to the ARMC.
- 16 reports have been released by the OAG so far in 2021.
- 2 reports are relevant to local governments in general and 1 report related specifically to the performance of the Department of Local Government.
- These reports are attached for reference of the Committee.

RECOMMENDATION

That the Audit and Risk Management Committee notes the West Australian Auditor General's 2020-21 Report numbers 21 and 23.

BACKGROUND

The Office of the Auditor General (OAG) supports the Auditor General in auditing the finances and activities of the Western Australian public sector. In this role the Auditor General reports directly to the West Australian parliament. In addition to annual financial audits, the OAG undertakes other more detailed audits of State Government Agencies and local governments such as performance and focus area audits. Once they are provided to Parliament the reports are published on the OAG's website.

CONSULTATION AND ADVICE

External Consultation

Nil

Internal Consultation

Nil

DISCUSSION/ OFFICER COMMENTS

The following reports published by the OAG in 2020-21 have some relevance to the local government sector:

- Report 21 Regulation and Support of the Local Government Sector
- Report 23 Local Government General Computer Controls

Report 21, published in April 2021, deals with the performance of the Department of Local Government and the support they provide sector and concludes that "... the Department is not providing effective regulation and support to the LG sector and lacks fundamental aspects of a good regulatory framework." A number of findings were documented and 3 major recommendations detailed.

Report 23, published in May 2021, deals with local government general computer controls and assessed the capability maturity of 11 local governments as well as the information system findings identified during the audits of another 39 local governments. The report concluded the following.

“LG entities need to improve their general computer controls. We reported 328 control weaknesses to 50 LG entities, with 10% (33) of these rated as significant and 72% (236) as moderate. As these weaknesses could significantly compromise the confidentiality, integrity and availability of information systems, the LG entities should act promptly to resolve them.

Our capability assessment results show that none of the 11 audited LG entities met our expectations across 6 control categories, with 79% of the audit results below our minimum benchmark. We found weaknesses in controls for information security, business continuity, change management, physical security and IT operations. Entities also need to improve how they identify and treat information risks....”
Six recommendations relating to information security, business continuity, management of IT risks, IT operations, change control and physical security were made.

The Shire was not one of the 50 local governments involved, however, the recommendations apply and the Shire’s ICT staff have been provided the report and are aware of shortcomings in the Shire’s ICT controls and are steadily improving security and operations as resources and funding allow.

This report builds upon Report 27, published in June 2020, deals with an Information Systems Audit Report of Local Government Entities, and summaries the results of information system audits at 10 local governments. The Shire was not one of the 10 local governments audited, however as with the previous report the recommendations apply and ICT staff have been provided the report. The report concluded the following.

“All audited entities had significant gaps in their management of information security when compared against the standard. We found that entities did not have good practices to manage information and cyber security. Entities did not have appropriate policies and processes to identify and guide information security practices and they often lacked ongoing monitoring processes to detect and respond to threats. These gaps in security controls seriously undermine the confidentiality, integrity and availability of information held by these entities.” A number of findings and recommendations related to security policies, controls, security and business continuity were documented.

STATUTORY ENVIRONMENT / LEGAL IMPLICATIONS

Part 7, Division 3C (sections 7.12AJ and AK) of the *Local Government Act 1995* refer to the Auditor General conducting and reporting on performance audits.

Section 7.12A(4) of the Act states that a local government prepares a report addressing any matters identified as significant by the auditor in the audit report and stating what action has or is to be taken.

STRATEGIC PLAN / POLICY IMPLICATIONS

Community Strategic Plan 2036 (CSP)

Corporate Business Plan 2020-2024

Key Result Area 5: Effective leadership and governance

Community Outcome 2: Effective and integrated strategy, planning, financial and asset management

Strategic Response: Ensure the Shire’s financial performance is well managed and leads to a strong financial position

PLANNING FRAMEWORK

Nil

FINANCIAL IMPLICATIONS

Implications

Nil

Long Term Financial Plan

Nil

Whole of Lifecycle considerations

Nil

SUSTAINABILITY IMPLICATIONS

Environmental

Nil

Social

Nil

Economic

Nil

ADVOCACY

Nil

IMPLICATIONS OF ALTERNATIVE RESOLUTION

Nil

VOTING REQUIREMENTS

Simple Majority

RECOMMENDATION

That the Audit and Risk Management Committee notes the West Australian Auditor General's 2020-21 Report numbers 21 and 23.

ATTACHMENTS

1. Report 21 Regulation and Support of the Local Government Sector
2. Report 23 Local Government General Computer Controls

RECOMMENDATION / ARMC DECISION

CR KENNAUGH, CR CRISTOFFANINI ARMC2021/7

That the Audit and Risk Management Committee notes the West Australian Auditor General's 2020-21 Report numbers 21 and 23.

CARRIED 4/0

6.4 RISK UPDATE

LOCATION/ADDRESS	Shire of Augusta Margaret River
APPLICANT/LANDOWNER	Shire of Augusta Margaret River
FILE REFERENCE	COR/17
REPORT AUTHOR	Emma Rogers, Governance (Legal and Risk) Officer
AUTHORISING OFFICER	Ian McLeod, Manager Legal and Governance

IN BRIEF

- A status update on risk profiles and risk actions from the Shire's existing operational risk register is presented to ARMC in the form of a Risk Dashboard Report.
- Shire officers participated in a series of workshops, to review and redevelop the Shire's whole of organisation operational risk register. The review is still in progress.

RECOMMENDATION

That the Audit and Risk Management Committee:

1. Notes a review and redevelopment of the Shire's operational risk register is in progress; and
 2. Endorses the Risk Dashboard Report for June 2021 as per the Attachment.
-

BACKGROUND

The Shire is required to address organisational risk under regulation 17 of the *Local Government (Audit) Regulations 1996*. The Shire developed a Risk Management Framework and associated operational risk register in 2014.

Shire officers have been conducting a rolling review of the risk categories and controls used to manage those risks within the operational risk register and actions identified were reported to the Executive Leadership and ARMC every quarter in the form of a Risk Dashboard Report, from March 2016 to June 2020.

A number of disadvantages were identified with the structure of the Shire's existing operational risk register. In July 2020 ELT endorsed a recommendation from officers to re-develop the register to a format which clearly identifies risks, causes, controls, consequences and treatments in respect to each risk (as opposed to generalised risk profiles as per the existing register). The Shire engaged Michael Sparks, Senior Risk Consultant LGIS, to review and redevelop the Shire's whole of organisation operational risk register and develop a strategic risk register.

Throughout October – November 2020, Shire officers participated in a series of workshops to review and assess current operational risks within each business unit and to develop an understanding of embedding risk management into everyday activities. The identification and assessment of operational risks for each business unit was incorporated into the business planning process for each business unit, to inform the Corporate Business Plan 2021-25, Long Term Financial Plan 2021-31, and the review of the operational risk register. Dashboard reporting was deferred while this work was undertaken, however risk management is continuously being undertaken by officers. Outstanding actions from the existing risk register will be carried forward to be included in this new register.

The development of the strategic risk register has been completed and adopted by ARMC on 24 February 2021, and Council on 10 March 2021. However, the Risk Consultant resigned prior to completing the reformatted operational risk register. The newly formatted organisational operational risk register is expected to be completed in approximately October 2021. Risk Dashboard reporting to ELT and ARMC under the existing operational risk register will continue until then.

CONSULTATION AND ADVICE

External Consultation

Michael Sparks, Senior Risk Consultant, LGIS

Internal Consultation

- Executive Leadership Team
- Coordinators and Managers from all business units
- Key officers involved in implementation of Business Continuity Plan during COVID-19

DISCUSSION/ OFFICER COMMENTS

Risk Dashboard Report

A Risk Dashboard Report providing the current status of risk data as at June 2021 is presented to ARMC for endorsement (Attachment 1). The Dashboard lists the risk profiles, a measure of control ratings and residual risk ratings for each risk profile, and the identified treatment actions to mitigate the risks.

A status update of the progress of the treatment actions is provided in the table below for those risk profiles with a high residual risk rating, or inadequate control rating, requiring extra monitoring.

Action	Due Date	Owner	Comment
Asset management practices			Risk: high Control: inadequate
Develop asset management plans at an operational level, for each asset class (endorsed by ELT 11/6/2019).	Jun-22	Manager Asset Services	Overall asset management plan was completed and adopted by Council on 10 June 2020. The plan includes long term asset renewal requirements. Rather than developing asset management plans for each asset class, officers will be developing an Operations and Maintenance Plan, documenting the operations and maintenance requirements for each asset class, reducing the risk of asset failure.
Develop a broad safety infrastructure inspection program (to include e.g. roads, pathways, stairs, lookouts, buildings, flood lights) (endorsed 13/8/2019)	Jun-22	Director Sustainable Development and Infrastructure Services	An inspection program will be incorporated into the Operations and Maintenance Plan. The recently filled GIS role will begin implementation of mobile condition assessments for asset classes. Funding to support the development of mobile condition assessments has been included in the 21-22 budget. (Comments from Manager Asset Services).
Environment management / Landuse			Risk: High Control: inadequate
Develop a Landfill Closure Management Plan (LCMP) and Environmental Improvement Plan (EIP).	Sep-21	Manager Health and Waste Services	LCMP and EIP delayed due to the significant construction delays experienced with the construction of landfill cell 3. Cell 3 was completed in March 2021 and a final survey of the site is underway to inform the final LCMP.
Develop additional sections of the Climate Change Response Plan (as per the Climate Change Response Framework)	June – 22	Manager Planning and Development Services	Part 1 – Mitigation – Climate Action Plan adopted by Council May 2021. Part 2 – Adaptation has commenced and is due for completion in 21/22 financial year.
Develop formal procedure for works/development on Aboriginal Heritage Act 1972	Dec – 21	Coordinator Environment/Landc	The <i>Aboriginal Heritage Act 1972</i> and regulations is under review. An interim procedure will be developed for use until changes in legislation are enacted.

SHIRE OF AUGUSTA MARGARET RIVER
AUDIT AND RISK MANAGEMENT COMMITTEE MEETING AGENDA 23 JUNE 2021

Registered sites (endorsed by ELT 11/6/2019).		are Services	
Liaise with Safety Officer on developing an online induction for volunteers (endorsed by ELT 11/6/2019).	Sep-22	Safety Officer	Safety Officer to develop online induction system on Altona (similar to that used for contractor inductions) for volunteers in all business units.
Consider incorporating a visitor risk inspection program for environmental/land safety e.g. cliff stability, signs warning of danger, dangerous limbs of trees in highly visited places etc. as a sub-set of a broader infrastructure safety inspection program (endorsed by ELT 13/8/2019).	Dec - 21	Director Sustainable Development and Infrastructure Services	Officers to liaise with DBCA in regards to their visitor risk inspection program, to assist in determining the resources required to perform comprehensive visitor risk inspection program for the Shire, and develop a proposal for ELT. (Comments from Coordinator Environment /Landcare Services).
Obtain quotes and consider purchasing solar lights with built in cameras for Davis Rd land fill site (endorsed by ELT 22/10/2019).	Aug - 21	Manager Health and Waste Services	Security cameras in place – provisions for additional solar lights/cameras is included in the 2021/22 budget.
Action recommendations by CMW Geosciences (appointed by Shire) on appropriate management of limestone cliff areas and adjacent public infrastructure (stairs) in Gracetown, Surfers Point, Riflebutts and Gnarabup cliffs (endorsed by ELT 22/10/2019).	June - 22	Director Sustainable Development and Infrastructure Services	Council resolved on 11 December 2019: That Council: <ol style="list-style-type: none"> 1. Notes the formation of an internal working group to oversee project implementation and cliff stability; 2. Notes that staff will undertake engagement including community briefing sessions and information sharing using various sources, informing the community of the risks present at each site, and an overview of recommended actions, together with engagement with traditional owners; 3. Authorises the CEO to undertake the following rock fall risk mitigation measures which have been budgeted for in the 2019-20 budget as follows: <ol style="list-style-type: none"> a) Remove the overhang at Site ID: GC5 – 75, south of Gracetown stairs. b) Install a protection fence in accordance with the Limestone Cliff Stability Assessment 2019 at Site ID: PR6 - 85 at the northern end of Riflebutts Beach, Prevelly. c) Install additional signage and extension of the balustrade at Site ID: PR4 – 30; Surfers Point, Prevelly. d) Undertake underpinning at Site ID: GN5 – 5 White Elephant Stairs, Gnarabup. 4. Considers an allocation in the 2020/21 and following budgets, and the Long Term Financial Plan to undertake the following work, subject to funding being available,:

			<table border="1" data-bbox="699 203 1425 546"> <thead> <tr> <th>Works component</th> <th>Year</th> <th>Cost</th> </tr> </thead> <tbody> <tr> <td>Install underpinning at Site ID: GN5 – 5 White Elephant Stairs, Gnarabup</td> <td>2020-21</td> <td>\$150,000</td> </tr> <tr> <td>Install additional balustrading at Site ID: PR4 – 30; Surfers Point, Prevelly</td> <td>2020-21</td> <td>\$20,000</td> </tr> <tr> <td>Install underpinning (subject to further monitoring of the use of the site) at Site ID PR4 – 30; Surfers Point, Prevelly</td> <td>2021-22</td> <td>\$150,000</td> </tr> </tbody> </table> <p data-bbox="603 577 1489 640">5. Notes that staff will investigate external funding opportunities for the works and submit grant applications where appropriate.</p> <p data-bbox="603 701 1489 792">Under point 3, parts a), b) and c) of the Council resolution the items are complete. Part d) is scheduled to commence 21/06/2021 and take approximately 20 days to be completed.</p> <p data-bbox="603 792 1489 884">Under point 4, the third item (underpinning at Surfers Point) is budgeted to be completed in the coming financial year, but it is hoped further monitoring will allow these works to be deferred indefinitely.</p> <p data-bbox="603 913 1489 1220">The first item under point 4 is the same as part 3(d). The second item was scheduled to be undertaken in Quarter 3 2021 when the existing balustrading at Surfers Point was refurbished due to corrosion. Following a lack of competitive quotes, the refurbishment has been deferred until 2021-22 to allow a revised scope to be prepared which may result in new materials being used. The additional balustrading has been deferred until the revised scope is confirmed to ensure materials and methodology across the precinct is consistent. Visual inspections have confirmed that new vegetation growth is evidence that the additional signage already installed is reducing the number of people accessing the risk area.</p> <p data-bbox="603 1249 1489 1373">Further monitoring of cliff stability in coastal areas managed by the Shire is required, as advised by CMW Geosciences, and is proposed to be included in the visitor risk inspection program. (Comments by Coordinator Environment /Landcare Services).</p>	Works component	Year	Cost	Install underpinning at Site ID: GN5 – 5 White Elephant Stairs, Gnarabup	2020-21	\$150,000	Install additional balustrading at Site ID: PR4 – 30; Surfers Point, Prevelly	2020-21	\$20,000	Install underpinning (subject to further monitoring of the use of the site) at Site ID PR4 – 30; Surfers Point, Prevelly	2021-22	\$150,000
Works component	Year	Cost													
Install underpinning at Site ID: GN5 – 5 White Elephant Stairs, Gnarabup	2020-21	\$150,000													
Install additional balustrading at Site ID: PR4 – 30; Surfers Point, Prevelly	2020-21	\$20,000													
Install underpinning (subject to further monitoring of the use of the site) at Site ID PR4 – 30; Surfers Point, Prevelly	2021-22	\$150,000													
Review future lease arrangements with White Elephant to include clarification of responsibilities for mitigation of coastal erosion relating to the assets in lease area.	Aug-25	Manager Legal and Governance Services	Lease variation drafted in 2020 which included clauses recognising the lessee's acknowledgement of coastal erosion risk and releasing the Shire from any liability in relation to loss of building or infrastructure related to coastal erosion.												
Procurement / contract management			Risk: high Control: adequate												
Develop procedures and training for Altus contract management module (endorsed by ELT 13/6/2019).	Dec - 21	Project and Procurement Officer	Contract management framework and templates, including Altus guidance, have been prepared and are published on the Project Management and Procurement section of the Intranet. Some initial training was provided to staff in late 2020. Further training and roll-out of contract management will occur when resources and time are available.												

SHIRE OF AUGUSTA MARGARET RIVER
AUDIT AND RISK MANAGEMENT COMMITTEE MEETING AGENDA 23 JUNE 2021

Consider an organisational structural change for centralised contract management in the next workforce review (endorsed by ELT 13/6/2019).	Dec-20	Coordinator or Human Resources	A meeting between all managers, OSH and risk officer / consultant is arranged for 29 July 2021 to determine long term and interim measures to resolve OSH and performance compliance risks with contractors.
Hold a short training session on procurement related conflict of interest scenarios for staff AND provide focus training to Managers and Directors on conflicts of interest and ensure disclosure process has an emphasis on purchasing officers discussing with their Managers any potential conflicts of interest (endorsed by ELT 12/6/2019).	Dec 2021	Governance Officer	A review of Employee Code of Conduct is required. When it is complete and rolled out to staff, training on conflict of interest will be conducted concurrently.
Develop and implement a post tender / project review process for the larger value high risk projects (recommendation by Reg 17 Internal Audit and endorsed by ELT 28/1/2020).	Mar – 22	Project and Procurement Officer	Although some information is referred to in the Procurement Guide and in the Tender stage templates, further work is required to prepare processes to document post tender/project reviews. This item has again been identified in the 2021 Audit Regulation 17 Review and will be progressed as resources and time allow.
Develop a contract management framework (recommendation by Reg 17 Internal Audit and endorsed by ELT 28/1/2020).	Dec 21	Project and Procurement Officer	Contract management framework and templates have been prepared and are published on the Project Management and Procurement section of the Intranet. Some initial training was provided to staff in late 2020. Further training and roll-out of contract management will occur as resources and time allow.
Educate officers to ensure a segregation of duties in the purchasing process.	Dec - 21	Manager Legal and Governance, Manager Corporate Services	New purchasing process requiring segregation of duties between a requesting / quotes officer and authorising officer has been developed and provided to all purchasing officers. If compliance is not substantial more onerous requirements will be implemented through ALTUS.

STATUTORY ENVIRONMENT / LEGAL IMPLICATIONS

Relevant legislation relating to risk management is detailed below.

Local Government (Audit) Regulations 1996 Regulation 17:

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

Regulation 16(c)(d):

An audit committee has the following functions:

- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
 - (i) report to the council the results of that review; and
 - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
 - (i) regulation 17(1); and
 - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c).

STRATEGIC PLAN/POLICY IMPLICATIONS

Community Strategic Plan 2036 (CSP)

Corporate Business Plan 2020-2024

Key Result Area 5: Effective leadership and governance

Community Outcome 5.2: Effective and integrated strategy, planning, financial and asset management

Strategic Response 5.2.4: Ensure information is managed in accordance with statutory requirements and is available for decision making.

Service level strategy/plan 5.2.4.4: Review of Risk Management Framework

PLANNING FRAMEWORK

Nil

FINANCIAL IMPLICATIONS

Implications

The cost of engaging a risk consultant was budgeted in the 2020-21 financial budget, however the Shire was able to draw from the Shire's LGIS Member's Experience Fund to cover the costs.

Long Term Financial Plan

Any proposed risk actions or controls that have significant long term financial implications would be considered in a specific Council Report.

Whole of Lifecycle considerations

Nil

SUSTAINABILITY IMPLICATIONS

Environmental

The management of risk is essential to ensure the ongoing sustainability of the Shire and to minimise or eliminate threats to the environment.

Social

The prudent management of risk is important in maintaining social structure within the Shire.

Economic

Incorporating risk management into planning, decision-making and operations is essential for the achievement of the Shire's visions, goals and outcomes.

ADVOCACY

Nil

IMPLICATIONS OF ALTERNATE RESOLUTION

Nil

VOTING REQUIREMENTS

Simple Majority

RECOMMENDATION

That the Audit and Risk Management Committee:

1. Notes a review and redevelopment of the Shire's operational risk register is in progress; and
2. Endorses the Risk Dashboard Report for June 2021 as per the Attachment.

ATTACHMENTS

1. Risk Dashboard Report June 2021

RECOMMENDATION / ARMC DECISION

CR KENNAUGH, CR CRISTOFFANINI ARMC2021/8

That the Audit and Risk Management Committee:

1. Notes a review and redevelopment of the Shire's operational risk register is in progress; and
2. Endorses the Risk Dashboard Report for June 2021 as per the Attachment.

CARRIED 4/0

7 CONFIDENTIAL BUSINESS

Nil

8 CLOSURE OF MEETING

The Chair thanked all in attendance and declared the meeting closed at 4.23pm.