



ATTACHMENTS

Audit and Risk Management Committee Meeting – 21 May 2024

6.1.(1)	Minutes from the Audit and Risk Management Committee Meeting held 13 March 2024
7.1(1)	Draft (New) Policy EXE/CP-6 Organisational Risk Management
7.1(2)	Existing Policy EXE/CP-6 Organisational Risk Management
7.1(3)	Summary of Changes from Existing Policy to Draft New Policy EXE/CP-6 Organisational Risk Management



MINUTES OF AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

Held on

Wednesday, 13 March 2024

Commenced at 4:00pm

Shire of Donnybrook Balingup Council Chamber, Donnybrook



Garry Hunt
Chief Executive Officer (Temporary)

14 March 2024

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SHIRE OF DONNYBROOK BALINGUP
MINUTES OF AUDIT AND RISK MANAGEMENT COMMITTEE

Held at the Council Chamber
13 March 2024 at 4:00pm

1 DECLARATION OF OPENING

The President declared the meeting open at 4:05pm and welcomed the members of the Committee.

Chairperson – Acknowledgment of Country

The President acknowledged the continuing connection of Aboriginal people to Country, culture, and community, including traditional custodians of this land, the Wardandi and Kaneang People of the Noongar Nation, paying respects to Elders, past and present.

2 ATTENDANCES

MEMBERS PRESENT

MEMBERS	STAFF
Vivienne MacCarthy, Shire President	Garry Hunt, Chief Executive Officer <i>(Temporary)</i>
John Bailey, Councillor	Kim Dolzadelli, Director Finance and Corporate
Alexis Davy, Councillor	Belinda Richards, Manager Financial Services
Ian Telfer, External Member	Loren Clifford, Manager Corporate Services
Angelo Loguidice, External Member	

2.1 APOLOGIES

Nil.

2.2 APPROVED LEAVE OF ABSENCE

Nil.

3 ANNOUNCEMENTS FROM CHAIRPERSON

Nil.

4 DECLARATIONS OF INTEREST

Nil.

5 PUBLIC QUESTION TIME

5.1 PREVIOUS QUESTIONS TAKEN ON NOTICE

Question: Shane Sercombe

With the Shire's net result being 9 million dollars less than budget and capital expenses also 14 million dollars less than budgeted, can the Council and community have faith in the budget processes.

Response: Director Finance and Corporate

The Question relates to the Statement of Comprehensive Income.

My last answer would contribute a lot to what you are talking about. I also think in the presentation of the Financial Statement, where I broke down the income statement and we took away capital grants because that's not for operations and depreciation is for fixed assets which is what you are talking about.

In private enterprise when you are running a business and you're going to sell assets, and they have a saleable value, that's meaningful. Quite frankly in Local Government it's not. You can't sell a road and if we wanted to close a road, the land would revert to the Crown, it doesn't even become ours. In an accounting world, it's an asset, whereas often I refer a Road as a Liability because all they do is consume money. Just remember the rate of depreciation and we talk about dwindling asset base. The fact is our asset base isn't dwindling.

The main cause of the increased depreciation is an asset revaluation. Which is saying these assets are now worth "X" and in 5 years time it'll happen again. Each time "X" gets bigger, the amount of the depreciation increases. It doesn't mean we are going broke, and it doesn't mean we are not sustainable. A lot of the funding of the \$3.2 million in Road's renewal expenditure came from government agencies such as the Roads to Recovery Federal Road Program. They have now realised after a damning report that the budget they have and allocate through all the States is so underdone that they have doubled it.

For our Shire next year, if we get double the allocation we did this year, that will be another \$400,000 in agency funding. I also believe that there will be a push through State Government agencies as well in terms of their funding levels to Local Government. We have the Regional Road Group (RRG) funding, and that allocation pool has not increased since COVID came in and we all know that COVID and associated pressures has put prices through the roof. We need to be careful where we spend our money and focus on renewal.

5.2 PUBLIC QUESTION TIME

Nil.

6 CONFIRMATIONS OF MINUTES

6.1 AUDIT AND RISK MANAGEMENT COMMITTEE MEETING – 20 DECEMBER 2023

Minutes of the Audit and Risk Management Committee Meeting held 20 December 2023 are attached (Attachment 6.1(1)).

EXECUTIVE RECOMMENDATION

That the Minutes of the Audit and Risk Management Committee Meeting held 20 December 2023 be confirmed as a true and correct record.

Advice notes: the Minutes of the Audit and Risk Management Committee Meeting held 20 December 2023 were received by Council at the Special Council Meeting held 24 January 2024, Council Resolution 3/24.

COMMITTEE RESOLUTION 1/24

MOVED: Cr Bailey

SECONDED: Mr Ian Telfer

That the Minutes of the Audit and Risk Management Committee Meeting held 20 December 2023 be confirmed as a true and correct record. Noting that Cr Davy, and Mr Angelo Loguidice were not present at the meeting on 20 December 2023.

For: President MacCarthy, Cr Bailey, Cr Davy, Mr Ian Telfer, Mr Angelo Loguidice

Against: Nil.

CARRIED: 5/0

7 REPORTS OF OFFICERS

7.1 COMPLIANCE AUDIT RETURN 2023

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	CNL 31
Author	Emma Thomas - Governance Coordinator
Responsible Officer	Loren Clifford - Manager Corporate Services
Attachments	7.1(1) - 2023 Compliance Audit Return
Voting Requirements	Simple Majority

EXECUTIVE RECOMMENDATION

That the Audit and Risk Management Committee recommends to Council that:

- 1. The 2023 Compliance Audit Return for the Shire of Donnybrook Balingup for the period 1 January 2023 to 31 December 2023 be adopted.**

STRATEGIC ALIGNMENT

The following outcomes from the Council Plan relate to this proposal:

Outcome	12	A well respected, professionally organisation.
Objectives	12.1	Deliver effective and efficient operations and service provision.

EXECUTIVE SUMMARY

A Local Government Compliance Audit Return (CAR) is required to be undertaken in accordance with the *Local Government (Audit) Regulations 1996*, Reg. 14(1).

The Audit was conducted by staff for the period 1 January to 31 December 2023 within the scope and in the format required by the Department of Local Government, Sport and Cultural Industries (DLGSCI). After reviewing the audit findings, the 2023 CAR contains a positive compliance response for the Shire of 89 out of 94 compliance items (94.7%), with a non-compliance response for five items (5.3%). The compliance questions and responses are detailed in Attachment 7.1(1).

BACKGROUND

Local governments are required to conduct an annual assessment of their compliance with key components of the *Local Government Act 1995* (the Act) and associated Regulations. The DLGSC manages this process and provides a set of legislative compliance questions to report on.

FINANCIAL IMPLICATIONS

Nil.

POLICY COMPLIANCE

Nil.

STATUTORY COMPLIANCE

Regulation 14 of the *Local Government (Audit) Regulations 1996* requires the CAR to be reviewed by Council's Audit and Risk Management Committee, with the findings of the review to be presented to Council for adoption.

A printed copy of the Shire's 2023 CAR, along with the Audit and Risk Management Committee meeting minutes, will be presented to Council for consideration at the next Ordinary Council Meeting.

The minutes and recommendation to Council from the Audit and Risk Management Committee is considered to constitute the report referred to in the legislation. Following presentation to Council a certified copy of the 2023 CAR, along with an extract of the minutes of the meeting at which the CAR was adopted by Council, will be submitted to the DLGSC as required by 31 March 2024.

CONSULTATION

An internal review of the compliance requirements contained in the 2023 CAR were reviewed by 7 key responsible officers. The combined responses are detailed in Attachment 7.1(1).

OFFICER COMMENT

The 2023 CAR contained 94 questions grouped in relation to various legislative compliance areas.

The result of the 2023 CAR was a positive compliance response (or not applicable response) to 89 of these requirements, with 5 non-compliance responses. These non-compliance question responses are detailed below and contained in Attachment 7.1(1).

Topic	Item Number	Question	Non-Compliance Response Comment
Finance	7	Was the auditor’s report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	The End of Financial Year audit was held onsite from 17 th to 20 th October 2023. The final management letter was received by the Shire from the auditors on 30 th November 2023.
Finance - Optional Questions	1	Did the CEO review the appropriateness and effectiveness of the local government’s financial management systems and procedures in accordance with the <i>Local Government (Financial Management) Regulations 1996</i> Regulations 5(2)(c) within the three years prior to 31 December 2023? If yes, please provide the date of council’s resolution to accept the report.	The Shire engaged AMD Accountants in 2023 to prepare an Internal Audit Proposal, towards the future development and implementation of a Strategic Internal Audit Plan. However, AMD opted to suspend the Internal Audit initiative due to potential conflict of interest concerns, stemming from their potential engagement by the Office of the Auditor General (OAG) to conduct the Annual Audit.
Finance - Optional Questions	2	Did the CEO review the appropriateness and effectiveness of the local government’s systems and procedures in relation to risk management, internal control and legislative compliance in accordance with <i>Local Government (Audit) Regulations 1996</i> Regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council’s resolution to accept the report.	The Shire engaged AMD Accountants in 2023 to prepare an Internal Audit Proposal, towards the future development and implementation of a Strategic Internal Audit Plan. However, AMD opted to suspend the Internal Audit initiative due to potential conflict of interest concerns, stemming from their potential engagement by the Office of the Auditor General (OAG) to conduct the Annual Audit.
Disclosure of Interest	5	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2023?	An Annual Return was not received by the due date of 31 August 2023, by the following ‘relevant persons’: <ul style="list-style-type: none"> • Cr C. Newman • Cr F. Mills • Cr P. Jones

Topic	Item Number	Question	Non-Compliance Response Comment
			<p>The CEO took action for this non-compliance as specified in the relevant legislation.</p> <p>The Shire provides mandatory training to Council Members which includes an overview of the statutory environment relating to declarations of interest and clarification of the personal responsibilities of Council Members to comply with their obligations.</p>
Tender for Providing Goods and Services	7	Did the information recorded in the local government's tender register comply with the requirements of the <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	<p>A review of these requirements has resulted in changes being implemented on the tender information available on the Shire's website to ensure compliance.</p> <p>Shire management continue to establish and review internal processes and procedures towards ensuring compliance with legislation and to identify areas for improvement.</p>

COMMITTEE RESOLUTION 2/24

That the Audit and Risk Management Committee recommends to Council that:

- 1. The 2023 Compliance Audit Return for the Shire of Donnybrook Balingup for the period 1 January 2023 to 31 December 2023 be adopted.**

MOVED: Mr Angelo Loguidice

SECONDED: Cr Davy

For: President MacCarthy, Cr Bailey, Cr Davy, Mr Ian Telfer, Mr Angelo Loguidice

Against: Nil.

CARRIED:5/0

10 CLOSURES

The President declared the meeting closed at 4:23 pm.



ORGANISATIONAL RISK MANAGEMENT

Shire of Donnybrook Balingup Council Policy EXE/CP-6

Strategic Outcome Supported: 12 – A Well Respected, Professionally Run Organisation

1. Policy Objective

- 1.1 The Shire will ensure processes are in place to ensure effective management of risks that may impact the Shire from achieving its strategies, outcomes and objectives.

2. Policy Scope

- 2.1. This policy applies to all workers and Elected Members of the Shire.

3. Policy Definitions

- 3.1 **Risk** is the effect of uncertainty on objectives.

Note 1: An effect is a deviation from the expected, positive or negative.

Note 2: Objectives can have different aspects (such as financial, health and safety, and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).

Note 3: Risk is usually expressed in terms of risk sources, potential events, their consequences, and their likelihood.

- 3.2 **Risk Management** is the coordinated activities to direct and control an organisation with regard to risk.

- 3.3 **Risk Management Process** is the systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

- 3.4 **Shire** is the Shire of Donnybrook-Balingup.

- 3.5 **Worker** is a person carrying out work in any capacity for the Shire and includes any part-time or full-time employee, casual employee, contractor, subcontractor, self-employed person, outworker, apprentice, trainee, work experience student/placement, employee of a labour hire company assigned to work for the Shire or in a Shire service or facility, and a volunteer.

4. Policy Statements

Risk Management Approach

- 4.1 The Shire is to continually improve its management of all risks that threaten to affect the Shire, including its customers, workers, assets, objectives and operations.
- 4.2 Risk management shall, wherever possible, form part of all activities and functions of the Shire, including adopted policies and procedures.

- 4.3 The Executive Management Team will determine and communicate the Organisational Risk Management Policy, objectives and procedures, as well as guide and monitor implementation, practice and performance throughout the Shire.
- 4.4 Every worker within the Shire has a role in risk management, for awareness and application of the risk management process, particularly in risk identification, and shall participate in the process.
- 4.5 Specialist consultants or staff may be engaged at times to advise and assist with risk management, or management of specific categories of risk.
- 4.6 The CEO will ensure that appropriate risk management training is provided across the organisation and that part of the worker induction process will include information on the Shire's risk management approach and practices.

Risk Management Objectives

- 4.7 The Shire's risk management objectives are:
 - a. To ensure Risk Management is adopted and integrated throughout the Shire as a management practice;
 - b. To ensure all workers are aware of the need to manage risk and encourage a culture of participation in the Risk Management Process;
 - c. To protect the Shire from adverse incidents, to reduce its exposure to loss and to mitigate and control loss should it occur;
 - d. To ensure the ongoing capacity of the Shire to fulfil its vision, perform its key functions, meet its objectives and serve its customers;
 - e. To aid effective governance and adherence to relevant legislation and Australian or International Standards; and
 - f. To reduce the costs of risk to the Shire.

Risk Tolerance

- 4.8 The Shire has defined its risk tolerance through the development and adoption of the Shire's Risk Assessment and Acceptance Criteria (also called the Risk Matrix – refer Appendix A).
- 4.9 Risk tolerance is the amount of risk exposure, or potential adverse impact from an event, that the Shire is willing to accept in pursuit of its strategies, outcomes and objectives. Once the risk tolerance threshold has been breached, risk management controls and actions are required to bring the exposure level back within the accepted range.

4.10 The Shire has a level of risk tolerance, consisting of low, moderate, high and extreme, as detailed in the following table:

Risk Rating	Minimum Treatment Required	Description
Extreme	Reject and avoid; or mitigate	Immediate action required in consultation with the CEO and Executive Management Team – to either avoid the risk entirely or to reduce the risk to a low, moderate or high rating. Council decision, or at a minimum, advice, required.
High	Accept and mitigate	Mitigate risks with actions as required and assign these risks to Executives or Managers
Moderate	Accept	Manage by specific monitoring or response procedures
Low	Accept	Manage by routine procedures

Reporting on Risk When Making Decisions or Recommendations

4.11 All organisational risks to be reported at an organisational level are to be assessed according to the Shire’s Risk Assessment and Acceptance Criteria (refer Appendix A) to allow consistency and informed decision making of staff, Management and Council.

4.12 All Council reports (agenda items) will contain an assessment of risk implications for the subject matter of the report. The assessment will assess the type, likelihood and consequence and identify what mitigations measures can be applied to manage the risk. This reporting will be in a table format as shown below:

Risk	Likelihood	Consequence	Mitigation
<i>Select (One or more of Health, Financial Impact, Service Interruption, Compliance, Reputational, Property, Environment)</i>	<i>Select (Almost Certain, Likely, Possible, Unlikely, Rare)</i>	<i>Select (Low, Moderate, High, Extreme)</i>	<i>Describe what actions can be applied to manage the risk</i>
<i>Risk Rating: Use risk matrix by cross referencing consequence and likelihood</i>			
<i>Risk Description: Describe what the risk is.</i>			

5. Delegation and Authorisation

5.1 No delegation from Council is required. Risk management is an operational responsibility of the CEO noting that the CEO will report regularly to the Audit and Risk Committee with the Committee’s responsibilities for oversight of risk management contained in its terms of reference.

ORGANISATIONAL RISK MANAGEMENT

Shire of Donnybrook Balingup Council Policy EXE/CP-6



6. Legislation

6.1 Local Government Act 1995

6.2 Local Government (Audit) Regulations 1996

7. Version Control – Governance

Related Policy(s):

Related Procedure(s):

Responsible Department(s):

Review to be conducted by:

Review frequency: Annual (1 year) Biennial (2 years) Triennial (3 years)

Version Date:

Next Due:

Policy Version Details:

Ver. #:	Synopsis:	Ver. Date:	Ref.:	Synergy:
##	Example: "Initial adoption of procedure"	## month 20##	### ###	Record #
##	Example: "Amendment of section 4..."	## month 20##	### ###	Record #

ORGANISATIONAL RISK MANAGEMENT

Shire of Donnybrook Balingup Council Policy EXE/CP-6



8. Appendix A – Risk Management and Acceptance Criteria

EXISTING CONTROLS RATING

LEVEL	RATING	FORESEEABLE	DESCRIPTION
E	Excellent	Doing more than what is reasonable under the circumstances	Controls are fully in place, are being well addressed / complied with, are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested
A	Adequate	Doing what is reasonable under the circumstances	Controls are in place, are being addressed / complied with and are subject to periodic review and testing
I	Inadequate	Not doing some or all things reasonable under the circumstances	Controls do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time

ORGANISATIONAL RISK MANAGEMENT

Shire of Donnybrook Balingup Council Policy EXE/CP-6



MEASURES OF CONSEQUENCE

LEVEL	RATING	HEALTH & SAFETY	FINANCIAL	SERVICE INTERRUPTION	COMPLIANCE	REPUTATION	PROPERTY	ENVIRONMENT
1	Insignificant	Negligible injuries	Less than \$5,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, localised low impact on community trust, low profile or no media item	Inconsequential or no damage.	Contained, reversible impact managed by on site response
2	Minor	First aid injuries	\$5,000 - \$20,000 Or < 5% variance in cost of project	Temporary interruption to an activity – backlog cleared with existing resources	Some temporary non compliances	Substantiated, localised impact on community trust or low media item	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response
3	Moderate	Medical type injuries	\$20,001 - \$100,000 Or > 5% variance in cost of project	Interruption to Service Unit/(s) deliverables – backlog cleared by additional resources	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact on community trust or moderate media profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies
4	Major	Lost time injury	\$100,001 - \$1M	Prolonged interruption of Service Unit core service deliverables – additional resources; performance affected	Non-compliance results in termination of services or imposed penalties	Substantiated, public embarrassment, widespread high impact on community trust, high media profile, third party actions	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies
5	Catastrophic	Fatality, permanent disability	More than \$1M	Indeterminate prolonged interruption of Service Unit core service deliverables	Non-compliance results in criminal charges or significant damages or penalties	Substantiated, public embarrassment, widespread loss of community trust, high widespread multiple media profile, third party actions	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact

ORGANISATIONAL RISK MANAGEMENT

Shire of Donnybrook Balingup Council Policy EXE/CP-6



MEASURES OF LIKELIHOOD

LEVEL	RATING	DESCRIPTION	FREQUENCY
5	Almost Certain	The event is expected to occur in most circumstances	More than once per year
4	Likely	The event will probably occur in most circumstances	At least once per year
3	Possible	The event should occur at some time	At least once in 3 years
2	Unlikely	The event could occur at some time	At least once in 10 years
1	Rare	The event may only occur in exceptional circumstances	Less than once in 15 years

RISK MATRIX

Consequence \ Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	MODERATE (5)	HIGH (10)	HIGH (15)	EXTREME (20)	EXTREME (25)
Likely	4	LOW (4)	MODERATE (8)	HIGH (12)	HIGH (16)	EXTREME (20)
Possible	3	LOW (3)	MODERATE (6)	MODERATE (9)	HIGH (12)	HIGH (15)
Unlikely	2	LOW (2)	LOW (4)	MODERATE (6)	MODERATE (8)	HIGH (10)
Rare	1	LOW (1)	LOW (2)	LOW (3)	LOW (4)	MODERATE (5)

ORGANISATIONAL RISK MANAGEMENT

Shire of Donnybrook Balingup Council Policy EXE/CP-6



RISK ACCEPTANCE CRITERIA

RISK RANK	DESCRIPTION	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Director / CEO
EXTREME	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council



COUNCIL POLICY EXE/CP- 6 ORGANISATIONAL RISK MANAGEMENT

STRATEGIC OUTCOME SUPPORTED: 12 - A well respected, professionally run organisation.

Purpose

The Shire of Donnybrook-Balingup Organisational Risk Management Policy documents the Shire's commitment to and objectives around managing risks that may impact the Shire from achieving its strategies, goals or objectives.

Policy

It is the policy of the Shire of Donnybrook-Balingup to achieve best practice in the management of all risks that threaten to affect the Shire, its customers, people, assets, functions, objectives, operations or members of the community.

Risk management shall, wherever possible, form part of all activities and functions of the Shire, including adopted policies and procedures.

The Executive Management Team will determine and communicate the Organisational Risk Management Policy, objectives and procedures, as well as guide and monitor implementation, practice and performance throughout the Shire of Donnybrook-Balingup.

Every employee within the Shire is recognised as having a role in risk management for awareness and application of the risk management process, particularly in risk identification, and shall be encouraged to participate in the process.

Specialist consultants or staff may be engaged at times to advise and assist with risk management, or management of specific categories of risk.

Definitions (from AS/NZS ISO 31000:2009)

Risk - Effect of uncertainty on objectives.

Note 1: An effect is a deviation from the expected, positive or negative.

Note 2: Objectives can have different aspects (such as financial, health and safety, and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).

Risk Management - Coordinated activities to direct and control an organisation with regard to risk.

Risk Management Process - Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

Risk Management Objectives

- To ensure Risk Management is adopted and integrated throughout the Shire of Donnybrook-Balingup as a management practice.

COUNCIL POLICY EXE/CP- 6

ORGANISATIONAL RISK MANAGEMENT



- To ensure all employees are aware of the need to manage risk and encourage a culture of participation in the Risk Management Process.
- To protect the Shire of Donnybrook-Balingup from adverse incidents, to reduce its exposure to loss and to mitigate and control loss should it occur.
- To ensure the ongoing capacity of the Shire of Donnybrook-Balingup to fulfil its vision, perform its key functions, meet its objectives and serve its customers.
- To aid effective governance and adherence to relevant legislation and Australian or International Standards.
- To reduce the costs of risk to the Shire of Donnybrook Balingup.

Risk Tolerance

The Shire has defined its risk tolerance through the development and adoption of the Shire's Risk Assessment and Acceptance Criteria (also called the Risk Matrix) of which is included as part of this Policy. A procedure for use of the Risk Matrix has also been developed to guide its use and application.

All organisational risks to be reported at an organisational level are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making of staff, Management and Council.

Roles, Responsibilities & Accountabilities

All Shire employees have a responsibility for managing risk relevant to their duties in accordance with the Shire's Risk Management Process and are accountable for their actions. The Executive Management Team is responsible for developing, implementing, communicating and monitoring the Shire's Risk Management Process, including this Policy and associated procedures, to ensure it is effective, practical and relevant to the Shire.

Risk management awareness and training will be provided to all staff. Risk management will be included within the employee induction process to ensure new employees are introduced to the Shire's risk management culture.

Monitor & Review

The Shire of Donnybrook-Balingup will implement a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

This Policy will be reviewed annually by the Shire's Executive Management team and relevant staff. The Shire's Risk Management Process including systems and procedures will be reviewed every two years in accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*, and the results of the review presented to the Councils' Audit Committee.

COUNCIL POLICY EXE/CP- 6 ORGANISATIONAL RISK MANAGEMENT



POLICY VERSION

Related Policies:	Nil		
Related Procedure:	Nil		
Responsible Department:	Executive		
Reviewer:	Manager Executive Services		
Review Frequency:	Annual	Next Due:	2022
Version Date:	21/12/21	Synergy #:	NPP7998
Policy Version Details			
Initial Adoption Date:	27 August 2014	Decision Reference:	N/A
Version Decision Date:	21/12/21	Decision Reference:	213/21
Version Synopsis:	No review done - Only renumbered from 2.45 Organisational Risk Management		

COUNCIL POLICY EXE/CP- 6 ORGANISATIONAL RISK MANAGEMENT



SHIRE OF DONNYBROOK-BALINGUP

RISK ASSESSMENT & ACCEPTANCE CRITERIA

EXISTING CONTROLS RATING

LEVEL	RATING	FORESEEABLE	DESCRIPTION
E	Excellent	Doing more than what is reasonable under the circumstances	Controls are fully in place, are being well addressed / complied with, are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested
A	Adequate	Doing what is reasonable under the circumstances	Controls are in place, are being addressed / complied with and are subject to periodic review and testing
I	Inadequate	Not doing some or all things reasonable under the circumstances	Controls do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time

MEASURES OF CONSEQUENCE

LEVEL	RATING	HEALTH & SAFETY	FINANCIAL	SERVICE INTERRUPTION	COMPLIANCE	REPUTATION	PROPERTY	ENVIRONMENT
1	Insignificant	Negligible injuries	Less than \$2,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, localised low impact on community trust, low profile or no media item	Inconsequential or no damage.	Contained, reversible impact managed by on site response
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3	Moderate	Medical type injuries	\$20,001 - \$100,000 Or > 5% variance in cost of project	Interruption to Service Unit/(s) deliverables – backlog cleared by additional resources	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact on community trust or moderate media profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies
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5	Catastrophic	Fatality, permanent disability	More than \$1M	Indeterminate prolonged interruption of Service Unit core service deliverables	Non-compliance results in criminal charges or significant damages or penalties	Substantiated, public embarrassment, widespread loss of community trust, high widespread multiple media profile, third party actions	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact

COUNCIL POLICY EXE/CP- 6 ORGANISATIONAL RISK MANAGEMENT



SHIRE OF DONNYBROOK-BALINGUP

RISK ASSESSMENT & ACCEPTANCE CRITERIA

MEASURES OF LIKELIHOOD

LEVEL	RATING	DESCRIPTION	FREQUENCY
5	Almost Certain	The event is expected to occur in most circumstances	More than once per year
4	Likely	The event will probably occur in most circumstances	At least once per year
3	Possible	The event may occur at some time	At least once in 3 years
2	Unlikely	The event could occur at some time	At least once in 10 years
1	Rare	The event may only occur in exceptional circumstances	Less than once in 15 years

RISK MATRIX

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	MODERATE (5)	HIGH (10)	HIGH (15)	EXTREME (20)	EXTREME (25)
Likely	4	LOW (4)	MODERATE (8)	HIGH (12)	HIGH (16)	EXTREME (20)
Possible	3	LOW (3)	MODERATE (6)	MODERATE (9)	HIGH (12)	HIGH (15)
Unlikely	2	LOW (2)	LOW (4)	MODERATE (6)	MODERATE (8)	HIGH (10)
Rare	1	LOW (1)	LOW (2)	LOW (3)	LOW (4)	MODERATE (5)

RISK ACCEPTANCE CRITERIA

RISK RANK	DESCRIPTION	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Executive Manager / CEO
EXTREME	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council

**SUMMARY OF CHANGES FROM EXISTING POLICY TO DRAFT REPLACEMENT POLICY
POLICY EXE/CP-6 ORGANISATIONAL RISK MANAGEMENT**

<i>Section (Draft Policy)</i>	<i>Description of Change</i>
1. Policy Objective	New section – describes the intent of the policy (replaces similar wording that was under the heading of “purpose” in the existing policy).
2. Policy Scope	States the applicability of the policy (new). Note the term “workers” is defined in Section 3.
3. Policy Definitions	<p>Definitions of risk, risk management and risk management process unchanged from existing policy excepting that an additional note (Note 3) has been inserted under the definition of “risk”.</p> <p>New definition of “worker” inserted as policy has wider applicability as “worker” includes trainees, work experience persons, contractors, labour hire employees, volunteers, etc. with the definition being consistent with the Work Health and Safety Act 2020.</p> <p>Definition of “Shire” inserted to avoid having to continually replicate the “Shire of Donnybrook-Balingup” throughout the policy.</p>
4. Policy Statement – Risk Management Approach	<p>Clause 4.1 – replicates 1st paragraph of policy statement in existing policy excepting that “to achieve best practice” is replaced with “to continually improve”. This recognizes that the Shire’s management of risk will be based on improving processes rather than attempting to meet a prescribed “best practice” level.</p> <p>Clauses 4.2 to 4.5 – replicates 2nd, 3rd, 4th and 5th paragraphs of policy statement in existing policy excepting that under clause 4.4 the term “worker” replaces “employee” and rather than “encourage” their participation in risk management processes the new wording requires participation.</p> <p>Clause 4.6 – replicates 2nd paragraph of section titled “Roles, Responsibilities & Accountabilities” in existing policy excepting that the new wording makes it clear that provision of training is a responsibility of the CEO.</p>
4. Policy Statement – Risk Management Objectives	Clause 4.7 – replicates the risk management objectives in existing policy.
4. Policy Statement - Risk Tolerance	This section is expanded by setting a level of risk tolerance threshold for the organization (clause 4.10) that sets out the actions to follow for each level of risk rating. Clause 4.9 acknowledges that risk tolerance thresholds can be breached but are managed by suitable risk management controls and actions to bring the exposure level back to the accepted range.
4. Risk Statement – Reporting on Risk When Making Decisions or Recommendations	New Section. Reporting of risks is to be a regular practice and clause 4.12 shows the template that will be filled in by employees when preparing reports (agenda items) for Council consideration
5. Delegation & Authorisation	New section required under new policy template.

6. Legislation	New section required under new policy template.
7. Version Control	Administrative information only
8. Appendix A – Risk Management and Acceptance Criteria	<p>Replicated from existing policy excepting for following changes:</p> <ul style="list-style-type: none"> • Existing Controls Rating Table – Change rating classification of “excellent” to “effective”. • Measures of Consequence Table – under Level 1 change financial measure from “less than \$2,000” to “less than \$5,000”. This change has been recommended noting that Council has already set its material variance reporting level at \$10,000.
Content of Existing Policy not Transferred to Draft New Policy	<p>Monitor & review – a monitor and review process is better contained in a “Risk Management Framework” that is currently being prepared for presentation to the Audit and Risk Committee and Council later this year.</p> <p>Reference to the triennial review of risk management, internal controls and legislative compliance (as per Regulation 17 of the Local Government Audit Regulations) isn’t necessary in this policy as it is a legislative requirement for that review to occur and be presented to Council via the Audit and Risk Committee. The Risk Management Framework will contain information about that process.</p>