SHIRE OF BRUCE ROCK

AUDIT AND RISK COMMITTEE MEETING MINUTES – 21 August 2025

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SHIRE OF BRUCE ROCK

AUDIT AND RISK COMMITTEE MEETING MINUTES – 21 August 2025

1. **Declaration of Opening**
   The Chair, Cr Ram Rajagopalan declared the meeting open at 10.06am.

2. **Record of Attendance / Apologies / Leave of Absence (Previously Approved)**

Chair	Cr R Rajagopalan
Deputy Chair	Cr AR Crooks
Chief Executive Officer	Mr M Furr
Independent Community Representative	Mrs Catherine Negri
Manager of Finance	Mr M Darby
Manager of Governance and Community Services	Mrs N Ugarte
Executive Services Officer	Ms S Wood (Minutes)
Leave of absence	
Councillor	Cr SA Strange

3. **Response to Previous Public Questions Taken on Notice**

4. **Public Question Time**

5. **Petitions / Deputations / Presentations / Submissions**

6. **Confirmation of Minutes**

   Audit Committee Meeting held on 8 March 2025.

OFFICER RECOMMENDATION AND COMMITTEE DECISION
Resolution ARCM AUG 25 – 6.1

Moved: C Negri
Seconded: Cr AR Crooks

That the minutes of the Audit and Risk Committee Meeting held on 8 March 2025 be confirmed as a true and correct record.

For: Cr AR Crooks, Cr R Rajagopalan, C Negri
Against: Nil
Carried 3/0

7. Reports of Officers

7.1. Strategic Risk Register

File Reference	0825.7.1
Disclosure of Interest	Neither the Author nor Authorising Officer have any Impartiality, Financial or Proximity Interest that requires disclosure.
Applicant	Nil
Previous Item Numbers	Item 10.1.1 Audit and Risk Committee meeting of July 2023, Item 9.2 Audit and Risk Committee meeting of December 2023
Date	13 August 2025
Author	Nerea Ugarte – Manager of Governance and Community Services
Authorising Officer	Mark Furr – Chief Executive Officer
Attachments 1. Strategic Risk Register 2. Risk Management Framework	

Summary
The Shire of Bruce Rock's (Shire) Audit and Risk Committee is asked to consider the Shire's revised Strategic Risk Register (as presented in **Attachment 1**), and to make a recommendation to Council as to whether the revised register should be adopted by Council.

Background
As per the recommendation of the Audit and Risk Committee, Council adopted the Shire's current Strategic Risk Register at its ordinary meeting of December 2023. The register is now out of date and requires review.

Strategic Risk Register
Strategic risks are risks that could threaten the Shire's ability to meet its strategic priorities, which are outlined in the Strategic Community Plan 2022-2032 (Plan).

In the Plan, Council identified a total of eighteen (18) risks, eight (8) of which are internal and ten (10) external. While there is no formal limit on the number of risks that can be captured in a register, best practice indicates that the register should have not more than ten (10) to fifteen (15) risks, with the number depending on the size and complexity of operations of the organisation.

Given this, in developing the Strategic Risk Register, the risks identified in the Plan have been grouped under eight overarching risk categories, as shown in the table below:

Risk Category	Risks Identified in the Plan
Financial sustainability	Reliance on external government funding. Allocation of resources to achieve our goals.
Changes to economic conditions	Larger agribusinesses.
Infrastructure	Asset management and preservation. Poor telecommunications infrastructure and services.

Risk Category	Risks Identified in the Plan
	Lack of adequate housing options to attract and retain a viable community.
Regulatory changes	Local Government Reform. Increasing compliance requirements for Local Governments.
Workforce	Attracting qualified staff. Retaining staff. Access to skilled labour. Increasing costs and low availability of contractors. Increasing reliance on volunteers and maintaining compliance. Volunteer fatigue.
Community expectations	Meeting community expectations. Managing compliance with community priorities.
Population demographic	Reduction of numbers of youths in Shire.
Pandemic	Health pandemic/epidemic.

The ongoing relevance of the strategic risks identified in the Plan will be considered as part of the overall review of the Plan.

The following work has been undertaken under each risk category:

- Assess the inherent risk (consequence and likelihood) of the category, taking into consideration risk controls already in place.
- Identify additional risk controls to be implemented to reduce the inherent risk. These can include the development of policies, processes and plans, training, or engagement with other stakeholders.
- Assess the effectiveness of each risk control. The more documented processes, and monitoring and testing arrangements are in place in relation to a risk control, the more effective a control is.
- Assess the residual risk (consequence and likelihood) of the category. In making this assessment, the implementation of the additional risk controls is assumed.
- If the residual risk is high or extreme, identify further actions or treatments to reduce the risk rating. This generally involves developing processes and establishing monitoring and testing arrangements to make a risk control more effective. The application of risk controls and treatments is informed and constrained by the available financial and human resources.

This process is outlined in the Shire's Strategic Risk Framework, which is provided as **Attachment 2** for the Audit and Risk Committee's reference.

The development of the Strategic Risk Register has yielded the following results:

Residual Risk Rating	Risk Categories	Recommended Risk Management Approach
Low	Total of three (3) categories: • Financial sustainability. • Regulatory changes. • Community expectations.	This risk is considered to be acceptable with adequate controls, managed by routine procedures and subject to annual monitoring.
Moderate	Total of five (5) categories: • Changes to economic conditions.	This risk is considered to be acceptable with adequate controls,

Residual Risk Rating	Risk Categories	Recommended Risk Management Approach
	• Population demographic. • Workforce. • Inadequate infrastructure. • Pandemic.	managed by specific procedures and subject to semi-annual monitoring by the relevant operational manager.
High	• Nil.	Not applicable.
Extreme	• Nil	Not applicable.

For a visual summary of inherent and residual risks per category, please see the Dashboard Report in the attached Strategic Risk Register.

Operational Risk Register
As per the Audit and Risk Committee's recommendation, Council endorsed the Shire's Operational Risk Register at its ordinary meeting of July 2023. This register is also out of date and has required review by administration staff.

Given the operational nature of this register, the Chief Executive Officer will be responsible for the approval of the revised version and its implementation.

Consultation
Consultation has been undertaken with the Shire's:

- Chief Executive Officer;
- Manager of Finance;
- Manager of Strategic Business Development; and
- Manager of Works and Services.

Statutory Environment
Local Government (Audit) Regulations 1996, regulation 17 relates.

Policy Implications
Council's Risk Management Policy and Framework relate.

Financial Implications
Nil.

Strategic Implications

Outcome:	4. 0	Governance Priorities
Strategy:	4.3	Proactive and well governed Shire.

Risk Implications

Risk	Risk Likelihood	Risk Impact / Consequence	Risk Rating	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That, in the absence of an up to date Strategic Risk Register, Council is unable to manage risks that may adversely affect the Shire's efficient and effective operation.	Unlikely (2)	Major (4)	Medium (5-9)	Business & Community Disruption	Accept Officer Recommendation

Risk Matrix

Consequence / Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating of **eight (8)** has been determined for this item. Any items with a risk rating over ten (10) or greater (considered to be high or extreme risk) will be added to the Risk Register, and any item with a risk rating of 16 or greater will require a specific risk treatment plan to be developed.

This risk is not needed to be added to the Shire's Risk Register, and does not require a risk treatment plan.

Comment/Conclusion

The Shire's Strategic Risk Register has been reviewed, and changes have been made to identify current risk levels and to implement controls to efficiently and effectively manage such risks.

The Audit and Risk Committee is asked to recommend that Council endorse the revised register.

Voting Requirements

Simple Majority

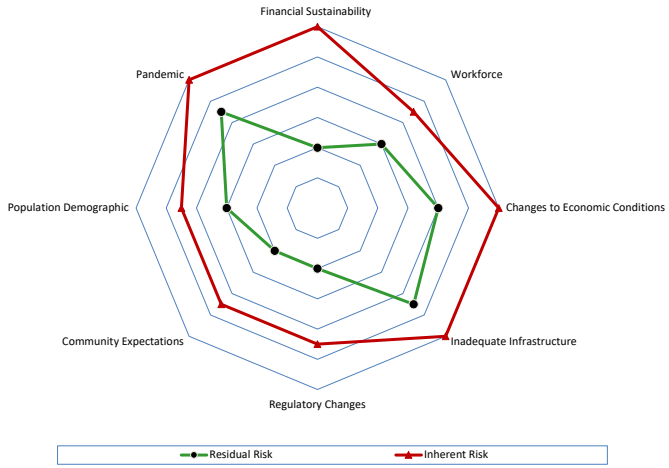
OFFICER RECOMMENDATION AND COMMITTEE DECISION
Resolution ARCM AUG 25 – 7.1

Moved: C Negri
Seconded: Cr AR Crooks

That the Audit and Risk Committee recommends that Council adopt the Strategic Risk Register, as presented in Attachment 1.

For: Cr AR Crooks, Cr R Rajagopalan, C Negri
Against: Nil
Carried 3/0

Shire of Bruce Rock
Strategic Risk Dashboard 2025



Financial Sustainability	Risk Ratings		Risk Evaluation	
	Inherent Risk	High	Control effectiveness	Effective
	Residual Risk	Low	Risk Acceptance	Accept

Insufficient financial resources to fund the delivery of the Shire's strategic priorities due to the Shire's reliance on external government funding and the inadequate allocation of existing resources.

Workforce	Risk Ratings		Risk Evaluation	
	Inherent Risk	Moderate	Control effectiveness	Adequate
	Residual Risk	Moderate	Risk Acceptance	Monitor

Failure to attract and retain suitably skilled and qualified staff, resulting in an increased reliance on volunteers, with this, in turn, resulting in volunteer fatigue and increased risk of non-compliance. Inability to engage contractors due to increasing costs and reduced availability.

Changes to Economic Conditions	Risk Rating		Risk Evaluation	
	Inherent Risk	High	Control effectiveness	Adequate
	Residual Risk	Moderate	Risk Acceptance	Monitor

Failure to adequately prepare and respond to changes in economic conditions, including changes in the increasing size of agribusinesses.

Inadequate Infrastructure	Risk Ratings		Risk Evaluation	
	Inherent Risk	High	Control effectiveness	Adequate
	Residual Risk	Moderate	Risk Acceptance	Monitor

Failure to provide the necessary infrastructure to underpin the delivery of strategic priorities, including the inability to address the poor telecommunications infrastructure, the inadequate management and preservation of assets, and the lack of availability of adequate housing options to attract and retain a viable community.

Regulatory Changes	Risk Ratings		Risk Evaluation	
	Inherent Risk	Moderate	Control effectiveness	Effective
	Residual Risk	Low	Risk Acceptance	Accept

Failure to correctly identify, interpret, assess, respond to and communicate regulatory changes and increased compliance requirements being introduced as a result of regulatory changes, including the Local Government reform process.

Community Expectations	Risk Ratings		Risk Evaluation	
	Inherent Risk	Moderate	Control effectiveness	Adequate
	Residual Risk	Low	Risk Acceptance	Accept

Failure to meet community expectations, and to balance the need to meet compliance requirements while also addressing community priorities.

Population Demographic	Risk Ratings		Risk Evaluation	
	Inherent Risk	Moderate	Control effectiveness	Adequate
	Residual Risk	Moderate	Risk Acceptance	Monitor

Reduction in the number of youths in the Shire.

Pandemic	Risk Ratings		Risk Evaluation	
	Inherent Risk	High	Control effectiveness	Adequate
	Residual Risk	Moderate	Risk Acceptance	Monitor

A health pandemic or epidemic causes substantial operational and community disruption, jeopardising the Shire's

Financial Sustainability — Aug-25

Risk Description

Insufficient financial resources to fund the delivery of the Shire's strategic priorities due to the Shire's reliance on external government funding and the inadequate allocation of existing resources.

Causal Factors	Potential Outcomes
• Uncertainty over funding levels. • Lack of processes to seek grant funding. • Lack of staff training in preparing grant applications. • Lack of planning of projects that could be grant funded. • Lack of processes to allocate resources to projects. • Lack of process in managing the budget throughout the year.	• Insufficient funding level to deliver services. • Service interruption. • Asset deterioration. • Non-compliance. • Regulatory standards compromised. • Audit and other regulation standards compromised. • Reputational damage.

Inherent Risk	Consequence	Likelihood	Risk Rating
	Major	Possible	High

Key Controls	Type	Date	Control Operating Effectiveness	Responsibility
Undertake research and develop a register on available grant sources.	Preventive	Sep-25	Adequate	MGCS
Ensuring ongoing development and engagement with staff and management to ensure financial performance and sustainability.	Preventive	Ongoing to June 2026	Effective	MOF
Formally develop, document and regularly review a risk-based asset maintenance and replacement program, including identification of possible funding sources.	Preventive	Ongoing to June 2026	Effective	CEO
Seek opportunities to collaborate with other Local Governments to apply for grants, where collaboration may improve grant funding eligibility.	Preventive	Ongoing to June 2026	Adequate	CEO
Maximise revenue from reserve accounts.	Preventive	Ongoing to June 2026	Effective	MOF
Monthly monitoring of expenditure against budget.	Preventive	Ongoing to June 2026	Effective	MOF
Provide grant application and management training to relevant staff.	Corrective	Dec-25	Adequate	MGCS
Engage suitably qualified consultants to assist in the preparation of large grant applications.	Preventive	Ongoing to June 2026	Effective	MSBD
		Overall Control Effectiveness	Effective	

Residual Risk	Consequence	Likelihood	
	Minor	Unlikely	Low

Risk Evaluation	
	Accept

Actions / Treatments	Due Date	Responsibility

Comments / Justifications

Changes to Economic Conditions — Aug-25

Risk Description

Failure to adequately prepare and respond to changes in economic conditions, including changes in the increasing size of agribusinesses.

Causal Factors	Potential Outcomes
• Downward trend in the number of businesses in the Shire. • Substantial fall in the number of agribusinesses. • Reduced agriculture and manufacture workforce. • Inability for businesses to remain in the Shire or start new businesses in the district due to unavailability of housing and industrial land.	• Impact on economic development. • Reduced employment opportunities. • Reduced services. • Reduced population.

Inherent Risk	Consequence	Likelihood	Risk Rating
	Major	Possible	High

Key Controls	Type	Date	Control Operating Effectiveness	Responsibility
Economic Development Committee to develop Economic Development Plan to identify, and develop strategies to manage changing economic	Corrective	Ongoing	Adequate	CEO
Implement Economic Development Committee's Economic Development Plan, with six-monthly reporting to Council on progress.	Corrective	Ongoing to June 2026	Adequate	MSBD
Deliver Main Street Revitalisation project scope.	Corrective	Feb-26	Adequate	MSBD
Work with key stakeholders to secure both residential and commercial land parcels for development.	Corrective	Ongoing	Adequate	CEO
		Overall Control Effectiveness	Adequate	

Residual Risk	Consequence	Likelihood	
	Major	Unlikely	Moderate

Risk Evaluation	
	Monitor

Actions / Treatments	Due Date	Responsibility

Comments / Justifications

Inadequate Infrastructure — Aug-25

Risk Description

Failure to provide the necessary infrastructure to underpin the delivery of strategic priorities, including the inability to address the poor telecommunications infrastructure, the inadequate management and preservation of assets, and the lack of availability of adequate housing options to attract and retain a viable community.

Causal Factors	Potential Outcomes
• Lack of funding. • Lack of processes to seek funding. • Lack of staff training in preparing grant applications. Lack of processes to manage and preserve assets. • Lack of processes to manage existing assets and housing stock. • Lack of skills and resources to lobby and influence third-party service providers.	• Non-compliance. • Impact on economic development. • Reputational damage. • Environmental health standards compromised. • Asset deterioration. • Reduced services. • Reduced population.

Inherent Risk	Consequence	Likelihood	Risk Rating
	Major	Possible	High

Key Controls	Type	Date	Control Operating Effectiveness	Responsibility
Provide grant application and management training to relevant staff.	Corrective	Dec-25	Adequate	MGCS
Engage suitably qualified consultants to assist in the preparation of large grant applications.	Preventive	Sep-25	Effective	MSBD
Develop and commence implementation of a plan to manage, maintain and optimise the use of existing assets, including housing stock.	Corrective	Ongoing	Effective	CEO
Seek opportunities to collaborate with other Local Governments to apply for grants to develop infrastructure (including additional housing), where collaboration may improve grant funding eligibility.	Preventive	Ongoing to June 2026	Adequate	CEO
Formally develop, document and regularly review a risk-based asset replacement program.	Corrective	Jun-26	Effective	CEO
Undertake an assessment of communication infrastructure requirements and develop a plan to lobby relevant stakeholders to obtain the necessary service levels.	Corrective	Ongoing to June 2026	Adequate	CEO
		Overall Control Effectiveness	Adequate	

Residual Risk	Consequence	Likelihood	
	Moderate	Possible	Moderate

Risk Evaluation	
	Monitor

Actions / Treatments	Due Date	Responsibility

Comments / Justifications

Regulatory Changes — Aug-25

Risk Description

Failure to correctly identify, interpret, assess, respond to and communicate regulatory changes and increased compliance requirements being introduced as a result of regulatory changes, including the Local Government reform process.

Causal Factors	Potential Outcomes
• Lack of training, awareness and knowledge. • Ineffective monitoring of changes to legislation. • Staff and Elected Members turnover. • Ineffective policies and processes. • Lack of legal expertise.	• Non-compliance. • Reputational damage. • Regulatory standards compromised. • Detrimental financial impact.

Inherent Risk	Consequence	Likelihood	Risk Rating
	Moderate	Possible	**Moderate**

Key Controls	Type	Date	Control Operating Effectiveness	Responsibility
Review and update Policy Manual taking into consideration any recent regulatory changes.	Preventive	Oct-25	**Effective**	MGCS
Keep Attain compliance calendar up to date in consultation with Integrity and WALGA.	Corrective	Sep-25	**Effective**	MGCS
Monitor implementation of actions registered in the Attain compliance calendar.	Corrective	Ongoing to June 2026	**Effective**	MGCS
Management to participate in information sessions on legislative reform delivered by WALGA or others.	Preventive	Ongoing to June 2026	**Adequate**	All managers
Increase staff awareness and provide training (where possible) on regulatory changes and new compliance requirements.	Preventive	Ongoing to June 2026	**Effective**	MGCS
Ensure training requirements identified in performance reviews are addressed.	Preventive	Ongoing to June 2026	**Adequate**	All managers
Undertake onboarding for new Councillors after October 2025 elections.	Preventive	Nov-25	**Effective**	MSBD
Review and update onboarding documents and processes for new staff.	Preventive	Sep-25	**Effective**	MGCS
Seek legal and other professional advice, as needed.	Preventive	Ongoing to June 2026	**Effective**	All managers
Implement recordkeeping practices to ensure regulatory knowledge is not lost due to turnover of Elected Members and staff.	Preventive	Jun-26	**Effective**	MGCS

Overall Control Effectiveness	**Effective**

Residual Risk	Consequence	Likelihood	
	Minor	Unlikely	**Low**

Risk Evaluation	**Accept**

Actions / Treatments	Due Date	Responsibility

Comments / Justifications

Workforce — Aug-25

Risk Description

Failure to attract and retain suitably skilled and qualified staff, resulting in an increased reliance on volunteers, with this, in turn, resulting in volunteer fatigue and increased risk of non-compliance. Inability to engage contractors due to increasing costs and reduced availability.

Causal Factors	Potential Outcomes
• Highly competitive labour market. • Lack of funding to engage contractors and to offer attractive remuneration packages and performance bonuses to potential candidates. • Lack of focus on staff and volunteer wellbeing. • Lack of training of volunteers. • Limited pool of contractors servicing our region. • Economic factors, such as inflation, increasing the cost of services.	• Poor health outcomes for staff and volunteers. • Non-compliance. • Reputational damage. • Service disruption.

Inherent Risk	Consequence	Likelihood	Risk Rating
	Moderate	Possible	**Moderate**

Key Controls	Type	Date	Control Operating Effectiveness	Responsibility
Provide over Award salaries with the amount being informed by market conditions, particular recruitment processes and budget availability.	Preventive	Ongoing to June 2026	**Adequate**	CEO
Develop non-financial incentive program (including the delivery of a Wellbeing Program) to reward and retain staff and volunteers.	Preventive	Ongoing to June 2026	**Adequate**	MGCS
Ensure training requirements identified in performance reviews are addressed.	Preventive	Ongoing to June 2026	**Adequate**	All managers
Develop program of information sessions for volunteers to communicate compliance requirements.	Preventive	Ongoing to June 2026	**Adequate**	CEO
Develop, and start implementation of, a Succession Plan for key positions.	Preventive	Ongoing	**Effective**	CEO
Increase capability of staff through training to minimise the need to engage external contractors.	Preventive	Ongoing to June 2026	**Adequate**	All managers
Inform staff undertaking procurement of the availability of contract panels through WALGA and the State Government's Department of Finance.	Preventive	Sep-25	**Adequate**	CEO
		Overall Control Effectiveness	**Adequate**	

Residual Risk	Consequence	Likelihood	
	Moderate	Unlikely	**Moderate**

Risk Evaluation	
	Monitor

Actions / Treatments	Due Date	Responsibility

Comments / Justifications

Community Expectations — Aug-25

Risk Description

Failure to meet community expectations, and to balance the need to meet compliance requirements while also addressing community priorities.

Causal Factors	Potential Outcomes
• Relationship breakdowns with community groups. • Leadership inattention to current issues. • Budget and funding issues. • Poor communication and engagement on issues of concern to the community. • Unrealistic community expectations. • Inadequate support for community groups.	• Reputational damage. • Non-compliance. • Service disruption.

Inherent Risk	Consequence	Likelihood	Risk Rating
	Moderate	Possible	**Moderate**

Key Controls	Type	Date	Control Operating Effectiveness	Responsibility
Review and update website to ensure it has relevant, up to date and accessible information for the community on current issues and topics of interest.	Preventive	Mar-26	**Adequate**	MSBD
Establish process for website review and update.	Preventive	Mar-26	**Adequate**	MSBD
Develop a calendar for Q&A sessions with the Chief Executive Officer and management.	Preventive	Sep-25	**Adequate**	MSBD
Maximise the use of communication channels (Rock Review, social platforms) to keep the community informed.	Preventive	Ongoing to June 2026	**Adequate**	MSBD
Finalise Communications Strategy.	Preventive	Mar-26	**Adequate**	MGCS
Create a community issues register with clear identification of actions to address issues and allocation of responsibilities.	Preventive	Dec-25	**Adequate**	CEO
Increase community awareness of staff within the Shire and their roles.	Preventive	Dec-25	**Adequate**	CEO
Increase community awareness of compliance requirements using the Rock Review and the Shire's website and social media platforms.	Corrective	Ongoing to June 2026	**Adequate**	MGCS

Overall Control Effectiveness	**Adequate**

Residual Risk	Consequence	Likelihood	
	Minor	Unlikely	**Low**

Risk Evaluation	**Accept**

Actions / Treatments	Due Date	Responsibility

Comments / Justifications

Population Demographic — Aug-25

Risk Description

Reduction in the number of youths in the Shire.

Causal Factors	Potential Outcomes
• Unavailability of housing. • Limited work and career opportunities. • Limited education opportunities. • Limited amenities and entertainment options. • Limited availability of services.	• Ageing of workforce and community. • Limited availability of services. • Reduced economic development.

Inherent Risk	Consequence	Likelihood	Risk Rating
	Moderate	Possible	Moderate

Key Controls	Type	Date	Control Operating Effectiveness	Responsibility
Develop and commence implementation of a plan to manage, maintain and optimise the use of existing assets, including housing stock.	Corrective	Jun-26	**Effective**	CEO
Deliver Main Street Revitalisation project scope.	Corrective	Feb-26	**Adequate**	MSBD
Develop an annual events and entertainment program targetting different demographics.	Corrective	Sep-25	**Adequate**	MGCS
Economic Development Committee to develop Economic Development Plan to identify, and develop strategies to manage changing economic and demographic conditions.	Corrective	Ongoing to June 2026	**Adequate**	CEO
Implement Economic Development Committee's Economic Development Plan, with six-monthly reporting to Council on progress.	Corrective	Ongoing to June 2026	**Adequate**	MSBD
		Overall Control Effectiveness	**Adequate**	

Residual Risk	Consequence	Likelihood	
	Moderate	Unlikely	**Moderate**

Risk Evaluation	
	Monitor

Actions / Treatments	Due Date	Responsibility

Comments / Justifications

Pandemic — Aug-25

Risk Description

A health pandemic or epidemic causes substantial operational and community disruption, jeopardising the Shire's achievement of its strategic objectives.

Causal Factors	Potential Outcomes
• Pandemic/epidemic.	• Detrimental impact on staff and community's physical and mental health. • Service disruption. Adverse financial impact. • Increased exposure to cyber attacks due to staff working from home.

Inherent Risk	Consequence	Likelihood	Risk Rating
	Major	Possible	High

Key Controls	Type	Date	Control Operating Effectiveness	Responsibility
Promote staff flu/COVID vaccination.	Preventive	Ongoing to June 2026	Adequate	MGCS
Review and update Business Continuity Plan.	Corrective	Ongoing to June 2026	Effective	MGCS
Follow instructions issued by relevant authorities.	Preventive	As required	Adequate	CEO
		Overall Control Effectiveness	Adequate	

Residual Risk	Consequence	Likelihood	
	Moderate	Possible	Moderate

Risk Evaluation	
	Monitor

Actions / Treatments	Due Date	Responsibility

Comments / Justifications

Shire of
Bruce Rock
Where friends become family

Risk Management Framework

Document Control

Effective date	Next review date	Amendment details	Prepared by	Endorsed by	Approved by
June 2023	June 2026		Manager Governance and Community Services	Chief Executive Officer	Council

Table of Contents

Introduction

The Shire of Bruce Rock's (Shire) Risk Management Policy, in conjunction with the components of this document, encompasses the Shire's Risk Management Framework. The Framework sets out the Shire's approach to the identification, assessment, management, reporting and monitoring of risks. All components of this document are based on AS/NZS ISO 31000:2018 Risk management – Guidelines, and have been tailored to suit the Shire.

It is essential that all areas of the Shire adopt these procedures to ensure:

- strong corporate governance;
- compliance with relevant legislation, regulations and internal policies;
- Integrated Planning and Reporting requirements are met; and
- uncertainty, and its effects on objectives, are understood.

This Framework aims to balance a documented, structured and systematic process with the current size and complexity of the Shire.

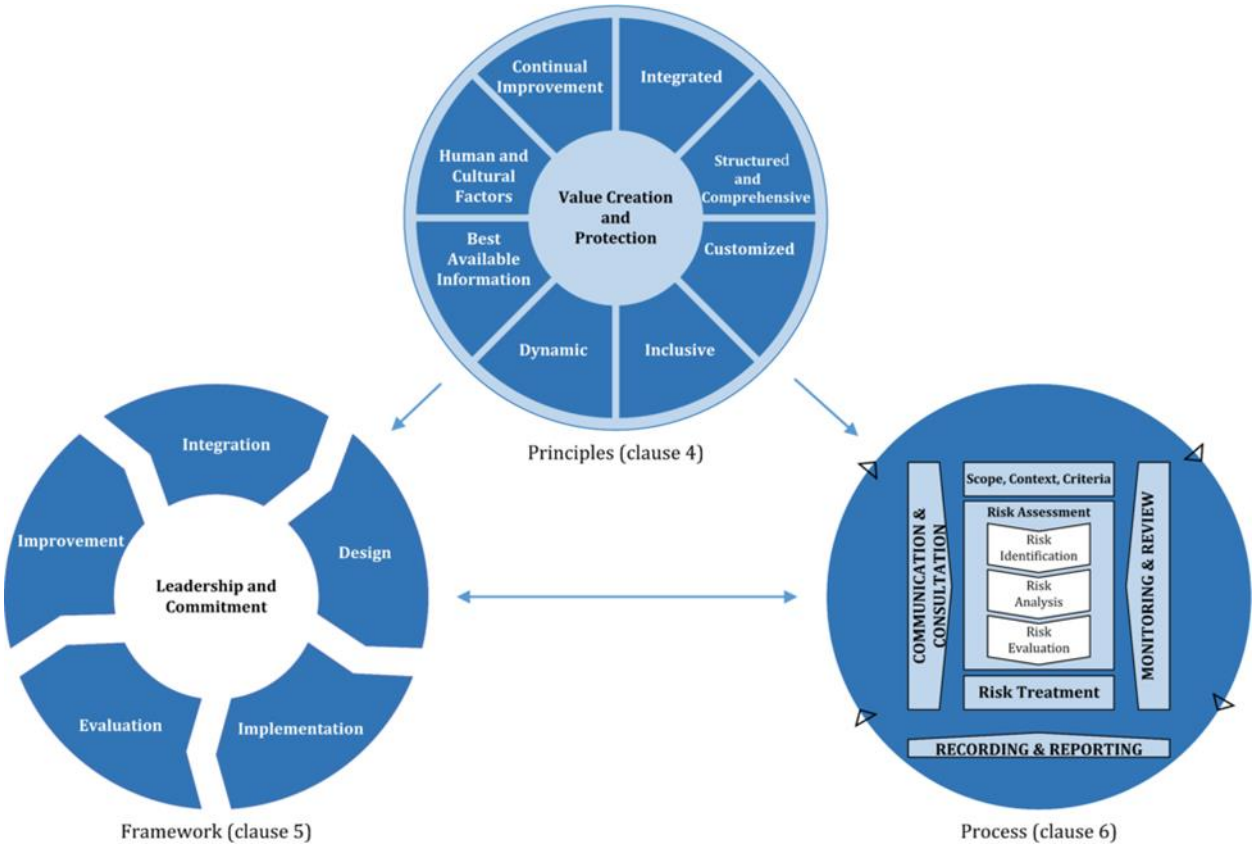


Figure 1: Relationship between the risk management principles, framework and process (Source: ISO 31000:2018)

Governance

Appropriate governance of risk management within the Shire provides:

- transparency of decision-making;
- clear identification of the roles and responsibilities of the risk management functions; and
- an effective governance structure to support the risk framework.

Framework Review

The Risk Management Framework is to be reviewed for appropriateness and effectiveness at least every three years.

Operating Model

The Shire has adopted a 'Three Lines of Defence' model for the management of risk. This model ensures roles, responsibilities and accountabilities for decision-making are structured to demonstrate effective governance and assurance. By operating within the approved risk appetite and framework, the Council, Management and Community will have assurance that risks are managed effectively to support the delivery of the Shire's strategic, corporate and operational plans.

First Line of Defence

All operational areas of the Shire are considered '1st Line'. They are responsible for ensuring that risks within their scope of operations are identified, assessed, managed, monitored and reported. Ultimately, they bear ownership and responsibility for losses or opportunities from the realisation of risk. Associated responsibilities include the following:

- Establishing and implementing appropriate processes and controls for the management of risk (in line with these procedures).
- Undertaking adequate analysis (data capture) to support the risk decision-making process.
- Preparing risk acceptance proposals where necessary, based on the level of residual risk.
- Retaining primary accountability for the ongoing management of their risk and control environment.

Second Line of Defence

The Chief Executive Officer (CEO) acts as the primary '2nd Line'. This position owns and manages the framework for risk management. They draft and implement the governance procedures and provide the necessary tools and training to support the 1st line process.

Maintaining oversight on the application of the framework provides a transparent view and level of assurance to the 1st and 3rd lines on the risk and control environment. Support can be provided by additional oversight functions completed by other 1st Line Teams (where applicable).

Additional responsibilities include the following:

- Providing independent oversight of risk matters as required.
- Monitoring and reporting on emerging risks.
- Co-ordinating the Shire's risk reporting for the CEO and Senior Management Team and the Audit and Risk Committee.

Third Line of Defence

Internal and External Audit are the '3rd line' of defence, providing independent assurance to the Council, the Audit and Risk Committee and Shire Management on the effectiveness of business operations and oversight frameworks (1st and 2nd Line).

Internal Audit — Appointed by the CEO to report on the adequacy and effectiveness of internal control processes and procedures. The scope of internal audit would be determined by the CEO with input from the Audit and Risk Committee.

External Audit — Appointed by Council on the recommendation of the Audit and Risk Committee to report independently to the President and CEO on the annual financial statements only.

Governance structure

The following diagram (on page 7) depicts the current operating structure for risk management within the Shire.

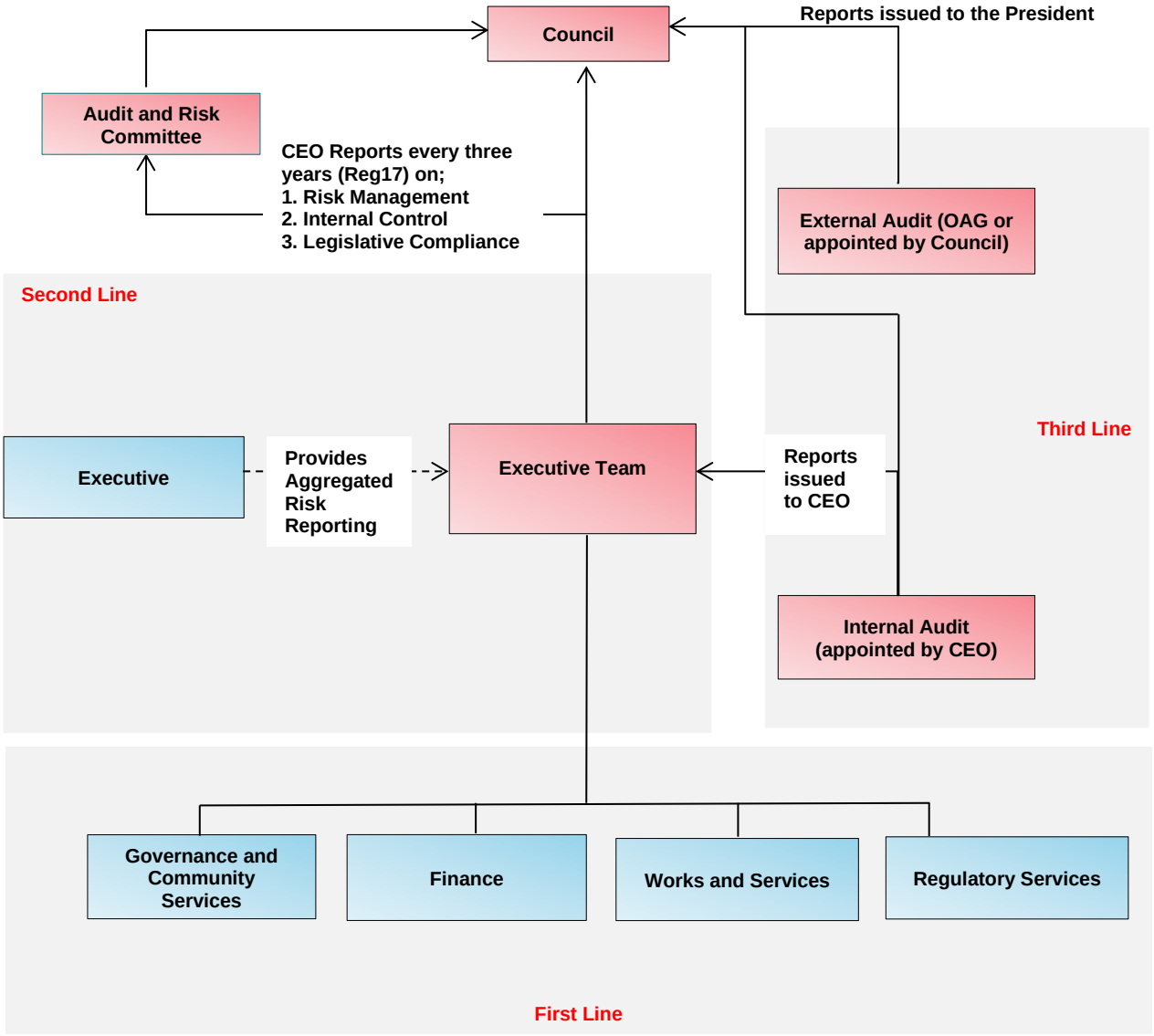


Figure 2: Operating Model

Roles and Responsibilities

Chief Executive Officer

The CEO is the overall sponsor of the risk management process, and will set the tone and promote a positive risk management culture by providing firm and visible support for risk management.

The CEO will review the appropriateness and effectiveness of the Shire's systems and procedures in regard to risk management, internal controls and legislative compliance at least once every three calendar years, and report the results of that review to the Audit and Risk Committee.

Executive Team

The Executive Team are responsible for the oversight of the Risk Management Framework, including the review of risk management procedures and policies on an annual basis. The team is responsible for setting the tone and promoting a positive risk management culture within the Shire. The Executive Team maintains oversight of the highest-level risks, and takes responsibility for ensuring mitigation strategies are being implemented.

The Executive Team will drive the risk management process for the organisation by liaising will key stakeholders in both identifying risks, and in the recommendation of further actions to be implemented.

The Executive Team is responsible for overall reporting on the Shire's Risk Management Framework, and the evaluation of the Shire's internal controls.

Management Team

Members of the Management Team are responsible for completing risk management actions for risks identified within their areas. This will be done through liaising with and communicating requirements to their relevant staff members, and overseeing actions to completion.

Employees

All employees within the Shire are expected to develop an understanding and awareness of risks and how they can contribute to the risk management process. All employees are responsible for escalating and communicating risks to their immediate supervisor. Employees are also required to act in a manner that does not place at risk the health and safety of themselves, other employees, residents and visitors to the Shire.

Document Structure (Framework)

The following diagram depicts the relationship between the Risk Management Policy, Procedures and supporting documentation and reports.

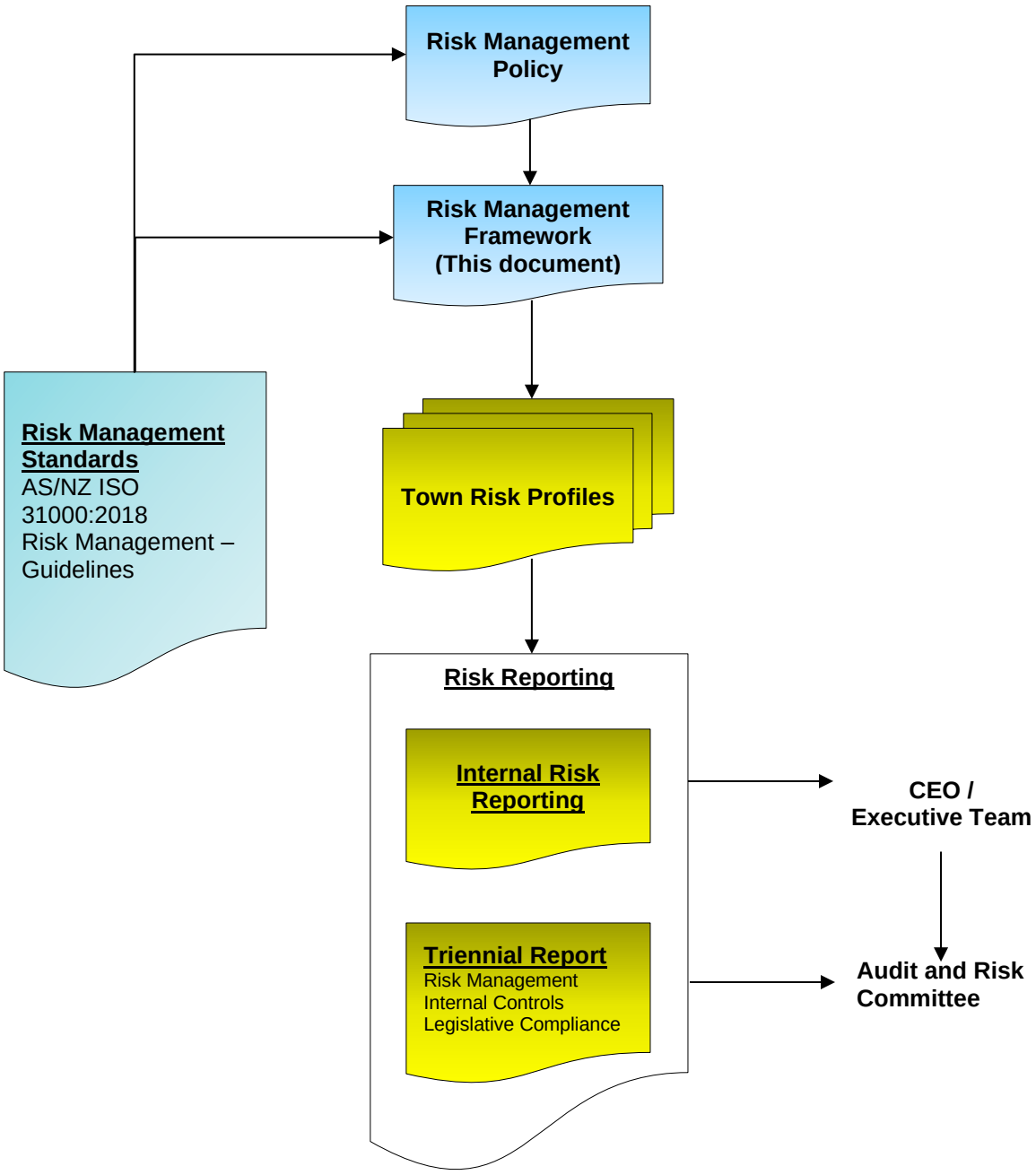


Figure 3: Document Structure

Risk Management Procedures

Each Executive (assigned as the Control Owner), is accountable for ensuring that Risk Profiles are:

- reflective of the material risk landscape of the Shire;
- reviewed on at least an 18 month rotation, or sooner if there has been a material restructure or change in the risk and control environment; and
- maintained in the standard format.

This process is supported by the use of key data inputs, workshops and ongoing business engagement.

The risk management process is standardised across all areas of the Shire. The following diagram outlines that process, with the following commentary providing broad descriptions of each step.

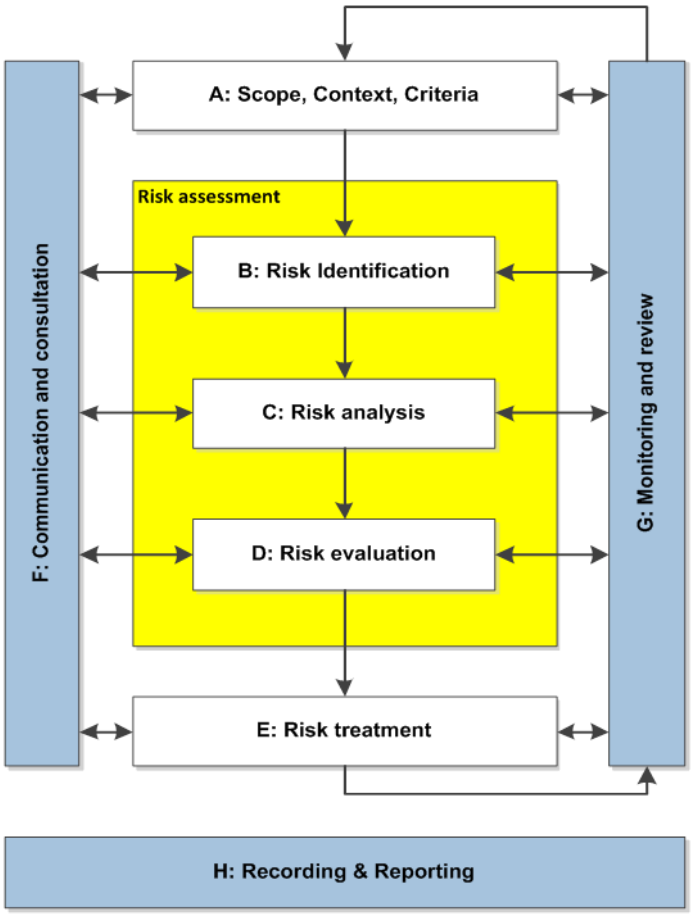


Figure 4: Risk Management Process ISO 31000:2018

A: Scope, Context, Criteria

The first step in the risk management process is to understand the context within which the risks are to be assessed and what is being assessed, this forms two elements:

Organisational Criteria

This includes the Risk Assessment and Acceptance Criteria (Appendix A) and any other tolerance tables as developed.

All risk assessments are to utilise these documents to allow consistent and comparable risk information to be developed and considered within planning and decision-making processes.

Scope and Context

To direct the identification of risks, the specific risk assessment context is to be determined prior to, and used within, the risk assessment process. Risk sources can be internal or external.

For specific risk assessment purposes the Shire has three levels of risk assessment context:

Strategic Context (known as Strategic Risks)

These are risks that generally occur in the Shire's external environment and may impact the long-term viability of the Shire. These are generally managed at the Council level, and are captured within the Shire's Strategic Plan.

A strategic risk register will also be developed and reviewed by the Audit and Risk Committee annually as part of the CEO's Risk Summary Report.

Operational Context (known as Operational Risks)

These are risks the Shire faces in the course of conducting its daily business activities, procedures and systems. These are generally managed by the Executive/Management team. However, these risks may be reported to the Audit and Risk Committee and Council, particularly those with a heightened risk level. These risks are captured in the Operational Risk Profiles.

Project Context

These are risks that have an impact on meeting a specific project objective. These risks are managed by local teams and are captured in project/activity risk assessments.

A Project Risk has two main components:

- Direct risk refers to the risks that may arise as a result of project activity (i.e. impacting on process, resources or IT systems), which may prevent the Shire from meeting its objectives.
- Indirect refers to the risks which threaten the delivery of project outcomes.

B: Risk Identification

Once the context has been determined, the next step is to identify risks. This is the process of finding, recognising and describing risks. Risks are described as the point along an event sequence where control has been lost.

An event sequence is shown below:

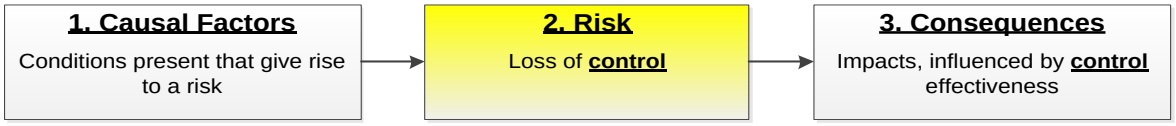


Figure 5: Event (risk) sequence

Using the specific risk assessment context as the foundation, and in conjunction with relevant stakeholders, raise the questions listed below and then capture and review the information within each defined Risk Profile. The objective is to identify potential risks that could stop the Shire from achieving its goals. This step is also where opportunities for enhancement or gain across the organisation can be found.

These questions and considerations should be used only as a guide, as unidentified risks can cause major losses through missed opportunities or adverse events occurring. Additional analysis may be required.

Risks can also be identified through other business operations, including policy and procedure development, internal and external audits, customer complaints, incidents and systems analysis.

Brainstorming will always produce a broad range of ideas and all things should be considered as potential risks. Relevant stakeholders are considered to be the subject experts when considering potential risks to the objectives of the work environment, and should be included in all risk assessments being undertaken. Key risks can then be identified and captured within the Risk Profiles.

- What can go wrong? / What are areas of uncertainty? (**Risk Description**)
- How may this risk eventuate? (**Potential Causes**)
- What are the current measurable activities that mitigate this risk from eventuating? (**Controls**)
- What are the potential consequential outcomes of the risk eventuating? (**Consequences**)

Risk Description – It describes what the risk is and specifically where control may be lost. They can also be described as an event. They are not to be confused with outcomes following an event, or the consequences of an event.

Potential Causes – These are the conditions that may present, or the failures that may lead to, the event or point in time when control is lost (risk).

Inherent Risk – There are three components to this step:

1. Determine relevant consequence categories and rate the 'probable worst consequence' if the risk eventuated with existing controls in place. This is not the worst case

scenario, but rather a qualitative judgement of the worst scenario that is probable or foreseeable. (Consequence)

2. Determine the likelihood that the 'probable worst consequence' will eventuate with existing controls in place.
3. Using the Shire's Risk Matrix, combine the measures of consequence and likelihood to determine the risk rating. (Risk Rating)

Controls – These are measures that modify risk. At this point in the process only existing controls should be considered. They must meet the following three tests to be considered as controls:

1. Is it an object, technological system and/or human action?
2. Does it, by itself, arrest or mitigate an unwanted sequence?
3. Is the required performance specifiable, measureable and auditable?

C: Risk Analysis

To analyse identified risks, the Shire's Risk Assessment and Acceptance Criteria (Appendix A) is now applied.

Step 1 – Consider the effectiveness of key controls

Controls need to be considered from three perspectives:

1. The design effectiveness of each individual key control.
2. The operating effectiveness of each individual key control.
3. The overall or combined effectiveness of all identified key controls.

Design Effectiveness

This process reviews the 'design' of the controls to understand their potential for mitigating the risk without any 'operating' influences. Controls that have inadequate designs will never be effective, no matter if they are performed perfectly every time.

There are four components to be considered in reviewing existing controls or developing new ones:

1. Completeness – The ability to ensure the process is completed once. How does the control ensure that the process is not lost or forgotten, or potentially completed multiple times?
2. Accuracy – The ability to ensure the process is completed accurately, that no errors are made or components of the process missed.
3. Timeliness – The ability to ensure that the process is completed within statutory timeframes or internal service level requirements.
4. Theft or Fraud – The ability to protect against internal misconduct or external theft / fraudulent activities.

It is very difficult to have a single control that meets all the above requirements when viewed against a Risk Profile. It is imperative that all controls are considered, so that the above components can be met across a number of controls.

Operating Effectiveness

This process reviews how well the control design is being applied. Similar to above, the best designed control will have no impact if it is not applied correctly.

As this generally relates to the human element of control application, there are four main approaches that can be employed by management or the risk function to assist in determining the operating effectiveness and/or performance management.

- Re-perform – This is only applicable for those short timeframe processes where they can be re-performed. The objective is to re-perform the same task, following the design to ensure that the same outcome is achieved.
- Inspect – Review the outcome of the task or process to provide assurance that the desired outcome was achieved.
- Observe – Physically watch the task or process being performed.
- Inquire – Through discussions with individuals and groups, determine the relevant understanding of the process and how all components are required to mitigate any associated risk.

Overall Effectiveness

This is the value of the combined controls in mitigating the risk. All factors, as detailed above, are to be taken into account, so that a considered qualitative value can be applied to the 'control' component of risk analysis.

The criterion for applying a value to the overall control is the same as for individual controls and can be found in Appendix A under 'Existing Control Ratings'.

Step 2 – Determine the Residual Risk rating

There are three components to this step:

1. Determine relevant consequence categories and rate the 'probable worst consequence' if the risk eventuated with existing controls in place. This is not the worst case scenario, but rather a qualitative judgement of the worst scenario that is probable or foreseeable. (Consequence)
2. Determine how likely it is that the 'probable worst consequence' will eventuate with existing controls in place. (Likelihood)
3. Using the Shire's Risk Matrix, combine the measures of consequence and likelihood to determine the risk rating. (Risk Rating)

D: Risk Evaluation

The risk evaluation process ensures an action (decision) is taken in response to the residual risk. This involves applying the residual risk rating to the Shire's Risk Acceptance Criteria to determine whether the risk is within acceptable levels to the Shire. It will also determine, through the use of the Risk Acceptance Criteria, what (if any) high-level actions or treatments need to be implemented. In effect, the Risk Acceptance Criteria becomes the Shire's risk appetite as follows:

- The Shire will accept risks with a low residual risk rating.

- The Shire will accept risks with a moderate residual risk rating with ongoing monitoring of that risk to ensure it does not escalate.
- The Shire will not accept risks with a high residual risk rating, unless it is controlled effectively, managed by senior management and subject to monthly monitoring.
- The Shire will generally not accept risks with an extreme residual risk rating.

If a decision is required outside of the above parameters, Executive approval will be required.

E: Risk Treatment

There are generally two requirements following the evaluation of risks.

1. In all cases, regardless of the residual risk rating, controls that are rated 'Inadequate' must have a treatment plan (action) to improve the control effectiveness to at least 'Adequate'.
2. If the residual risk rating is high or extreme, treatment plans must be implemented to either:
   a. Reduce the consequence of the risk materialising.
   b. Reduce the likelihood of occurrence.

   (Note: these should have the desired effect of reducing the risk rating to at least moderate)

   c. Improve the effectiveness of the overall controls to 'Effective' and obtain delegated approval to accept the risk as per the Risk Acceptance Criteria.

Once a treatment has been fully implemented, the Manager of Governance and Community Services is to review the risk information and acceptance decision, with the treatment now noted as a control and those risks that are acceptable then becoming subject to the monitor and review process (Refer to Risk Acceptance section).

F: Communication and Consultation

Effective communication and consultation are essential to ensure that those responsible for managing risk, and those with a vested interest, understand the basis on which decisions are made and why particular treatment or action options are selected, or the reasons to accept risks have changed.

As risk is defined as the effect of uncertainty on objectives, consulting with relevant stakeholders assists in the reduction of components of uncertainty. Communicating these risks and the information surrounding the event sequence ensures decisions are based on the best available knowledge.

G: Monitoring and Review

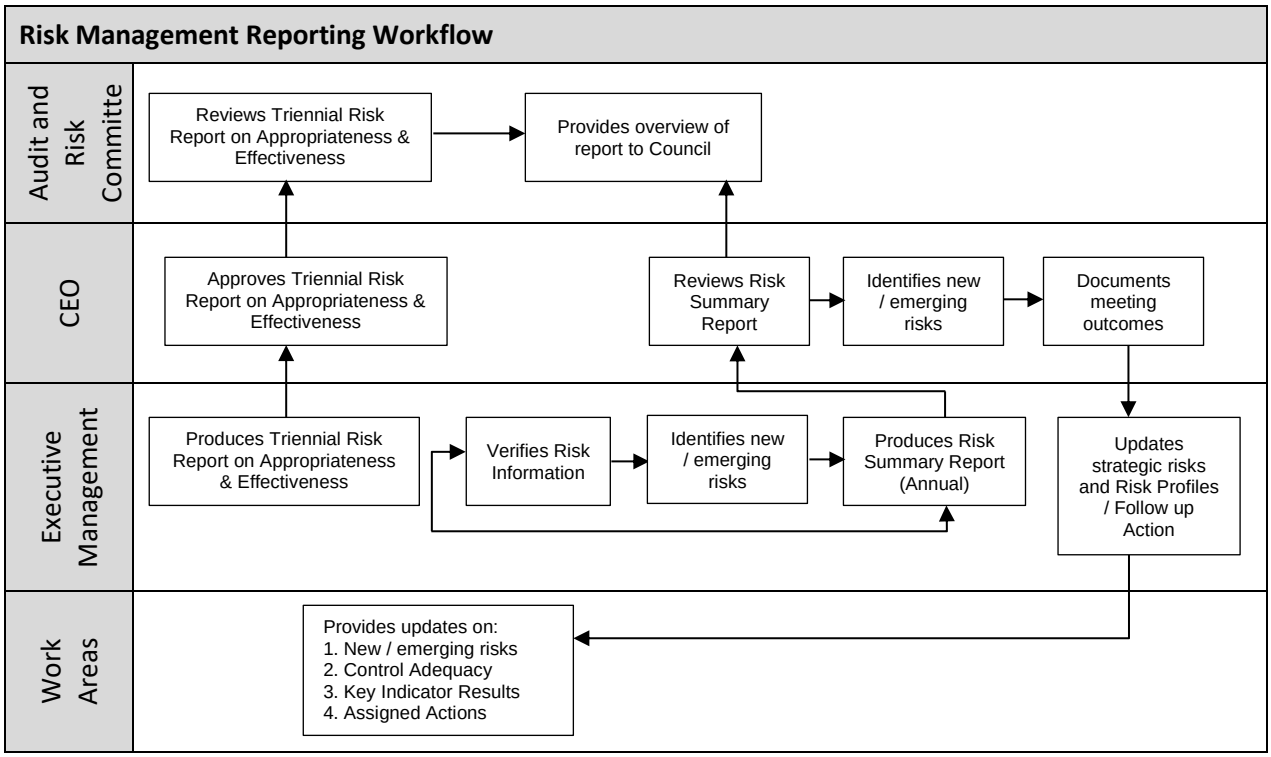
It is essential to monitor and review the management of risks, as changing circumstances may result in some risks increasing or decreasing in significance.

By regularly reviewing the effectiveness and efficiency of controls and the appropriateness of treatment and action options selected, we can determine if the organisation's resources are being put to the best use possible.

During the quarterly reporting process, management are required to review any risks within their area and follow up on controls and treatments/actions mitigating those risks. Monitoring and the reviewing of risks, controls and treatments also apply to any actions/treatments to originate from an internal audit. The audit report will provide recommendations that effectively are treatments for risks that have been tested during an internal review.

H: Monitoring, Recording and Reporting

The following diagram provides a high-level view of the ongoing reporting process for Risk Management.



Each Work Area is responsible for ensuring the following:

- They continually provide updates in relation to new, emerging risks, control effectiveness and any relevant key performance indicator to the Executive Team.
- Work through assigned actions and provide relevant updates to the Executive Team.
- Risks/issues reported to the CEO and the Executive Team are reflective of the current risk and control environment.

The Executive Team is responsible for the following:

- Ensuring Shire Risk Profiles are formally reviewed and updated, at least on an 18-month rotation or earlier when there has been a material restructure, change in risk ownership or change in the external environment.
- Annual Risk Reporting for the CEO – Contains an overview of the Risk Summary for the Shire.

The CEO is responsible for the following:

- Approves, and provides the Audit and Risk Committee, the report on the triennial review of the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance.
- Reviews, and provides to the Audit and Risk Committee, the annual Risk Summary Report.

Audit and Risk Committee

- The Audit and Risk Committee is responsible for reviewing reports from the CEO on the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance. The Audit and Risk Committee will report to Council the results of that review, including a copy of the CEO's report.

Risk Profiles

Operational Risks

The Shire utilises risk profiles to capture its operational risks. These risks are usually managed and monitored at the Executive/management level. The profiles assessed are:

- Asset Sustainability
- Business and Community Disruption
- Compliance Obligations
- Document Management
- Employment Practices
- Community Engagement
- Environment Management
- Errors, Omissions and Delays
- External Theft and Fraud
- Management of Facilities, Venues and Events
- IT, Communication Systems and Infrastructure
- Misconduct
- Project / Change Management
- Purchasing and Supply
- WHS

For each category, the profile contains the following:

- Risk Description
- Causal Factors
- Potential Outcomes
- Inherent and Residual Risk
- Key Controls / Control Type
- Control Operating Effectiveness
- Risk Evaluation
- Actions and Responsibility

Appendix A – Risk Assessment and Acceptance Criteria

Measures of Consequence									
Rating(Level)	**Health**	**Financial Impact**	**Service Interruption**	**Compliance**	**Reputational**	**Property**	**Environment**	**Project TIME**	**Project COST**
Insignificant (1)	Near miss. Minor first aid injuries	Less than $20,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential damage.	Contained, reversible impact managed by on site response	Exceeds deadline by 10% of project timeline	Exceeds project budget by 10%
Minor (2)	Medical type injuries	$20,001 - $100,000	Short term temporary interruption – backlog cleared < 1 day	Some temporary non compliances	Substantiated, low impact, low news item	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response	Exceeds deadline by 15% of project timeline	Exceeds project budget by 15%
Moderate (3)	Lost time injury <30 days	$100,001 - $500,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact, moderate news profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies	Exceeds deadline by 20% of project timeline	Exceeds project budget by 20%
Major (4)	Lost time injury >30 days	$500,001 - $1,000,000	Prolonged interruption of services – additional resources; performance affected < 1 month	Non-compliance results in termination of services or imposed penalties	Substantiated, public embarrassment, high impact, high news profile, third party actions	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies	Exceeds deadline by 25% of project timeline	Exceeds project budget by 25%
Catastrophic (5)	Fatality, permanent disability	More than $1,000,000	Indeterminate prolonged interruption of services – non-performance > 1 month	Non-compliance results in litigation, criminal charges or significant damages or penalties	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Extensive damage requiring prolonged period of restitution	Uncontained, irreversible impact	Exceeds deadline by 30% of project timeline	Exceeds project budget by 30%

Measures of Likelihood			
Level	**Rating**	**Description**	**Frequency**
5	**Almost Certain**	The event is expected to occur in most circumstances (>90% chance)	More than once per year
4	**Likely**	The event will probably occur in most circumstances(>50% chance)	At least once per year
3	**Possible**	The event should occur at some time(20% chance)	At least once in 3 years
2	**Unlikely**	The event could occur at some time(<10% chance)	At least once in 10 years
1	**Rare**	The event may only occur in exceptional circumstances(<5% chance)	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**	**Responsibility**
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Supervisor / Team Leader
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Service Manager
HIGH	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	Executive Team
EXTREME	Unacceptable	Risk generally not acceptable	CEO & Council

Existing Controls Ratings		
Rating	**Foreseeable**	**Description**
Effective	There is little scope for improvement.	Processes (Controls) operating as intended and aligned to Policies / Procedures. Subject to ongoing monitoring. Reviewed and tested regularly.
Adequate	There is some scope for improvement.	Processes (Controls) generally operating as intended, however inadequacies exist. Limited monitoring. Reviewed and tested, but not regularly.
Inadequate	There is a need for improvement or action.	Processes (Controls) not operating as intended. Processes (Controls) do not exist, or are not being complied with. Have not been reviewed or tested for some time.

7.2 Quarterly Report on Governance and Compliance

File Reference	0825.7.2
Disclosure of Interest	Neither the Author nor Authorising Officer have any Impartiality, Financial or Proximity Interest that requires disclosure.
Applicant	Nil
Previous Item Numbers	Nil
Date	14 August 2025
Author	Nathan Waye – Former Governance and Grants Officer Nerea Ugarte – Manager of Governance and Community Services
Authorising Officer	Mark Furr – Chief Executive Officer
Attachments 1. Quarterly Governance and Compliance Report August 2025	

Summary

The Shire of Bruce Rock's (Shire) Audit and Risk Committee (Committee) is asked to note the Quarterly Governance and Compliance Report August 2025, which is provided as **Attachment 1.**

Background

Consistent the Shire's approach to strengthening its governance and compliance arrangements, the Committee will be provided with a quarterly report on governance and compliance initiatives, non-compliance events identified and associated remediation strategies adopted, and updates on the status of the implementation of recommendations arising from internal and external audits.

Consultation

Consultation has been undertaken with the Shire's:

- Chief Executive Officer;
- Manager of Finance;
- Manager of Strategic Business Development; and
- Manager of Works and Services.

Statutory Environment

The following legislation relates:

- Local Government Act 1995;
- Dog Act 1976;
- Cat Act 2011;
- Caravan Parks and Camping Grounds Act 1995;
- Cemeteries Act 1986;
- Control of Vehicles (Off-Road Areas) Act 1978;
- Litter Act 1979;
- Public Health Act 2016;
- Building Act 2011;
- Local Government (Functions and General) Regulations 1996; and
- Local Government (Audit) Regulations 1996.

Policy Implications

The following Council policies and governance documents relate:

- Purchasing Policy;
- Risk Management Framework;
- Risk Management Policy;
- Public Interest Disclosure Procedure; and
- IT Disaster Recovery Plan.

Financial Implications

Nil.

Strategic Implications

Outcome:	4. 0	Governance Priorities
Strategy:	4.3	Proactive and well governed Shire.

Risk Implications

Risk	Risk Likelihood	Risk Impact / Consequence	Risk Rating	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That, in the absence of adequate controls, such as regular reporting on governance and compliance to the Committee, Council fails to meet legislative requirements.	Unlikely (2)	Major (4)	Medium (5-9)	Compliance Requirements	Accept Officer Recommendation

Risk Matrix

Consequence / Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating of **eight (8)** has been determined for this item. Any items with a risk rating over ten (10) or greater (considered to be high or extreme risk) will be added to the Risk Register, and any item with a risk rating of 16 or greater will require a specific risk treatment plan to be developed.

This risk is not needed to be added to the Shire's Risk Register, and does not require a risk treatment plan.

Comment/Conclusion

The Committee is asked to note the Quarterly Governance and Compliance Report August 2025.

Voting Requirements

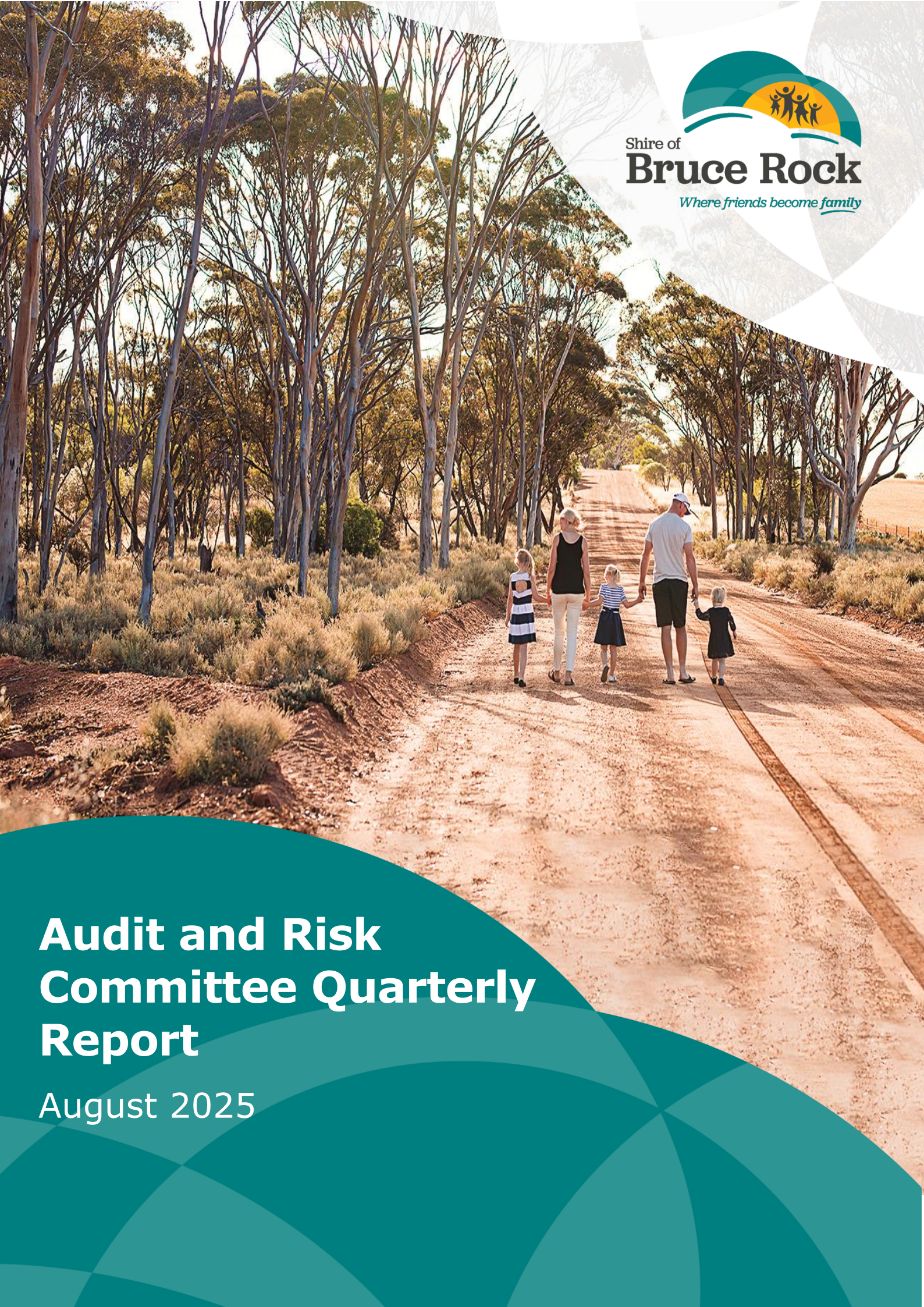
Simple Majority

OFFICER RECOMMENDATION AND COMMITTEE DECISION
Resolution ARCM AUG 25 – 7.2

Moved: Cr AR Crooks
Seconded: C Negri

That the Audit and Risk Committee notes the Quarterly Governance and Compliance Report August 2025, as presented in Attachment 1.

For: Cr AR Crooks, Cr R Rajagopalan, C Negri
Against: Nil
Carried 3/0



Shire of Bruce Rock

Where friends become family

Audit and Risk Committee Quarterly Report

August 2025

Table of Contents

1. Introduction

The Audit and Risk Committee (Committee) will be provided with a quarterly report on governance and compliance matters, as well as progress being made in implementing recommendations arising from internal and external audits.

2. Non-compliance Report

This section of the report outlines instances of non-compliance with legislation and/or policies identified over the past months, and the strategies adopted to prevent non-compliance from occurring in the future.

2.1 Procurement Non-compliance

The Shire's latest Compliance Audit Return identified several areas of non-compliance with the Purchasing Policy. After internal consultation, it became clear that the non-compliance was primarily due to a lack of knowledge and understanding of the Purchasing Policy, and that this could be mostly resolved via training and ongoing support. The governance team ran a comprehensive procurement compliance training session for all staff members with purchasing authority, or those who contributed to purchasing decisions. This training has led to a substantial increase in compliance with the Purchasing Policy.

However, there have still been some instances of non-compliance, with the most notable being RFT 2.2024.25 General Waste Collection.

The Request for Tender process for the procurement of the general waste collection service was not compliant with either the Local Government (Functions and General) Regulations 1996 (Regulations), nor the Shire's Purchasing Policy.

While the tender was opened in accordance with the Regulations, the evaluation process that occurred was not compliant with the Purchasing Policy (and thus, non-compliant with the Regulations). The non-compliance stems from the fact that the evaluation was conducted by one staff member only, instead of an evaluation panel. This occurred due to a misunderstanding of both the policy and the Regulations.

As the amount tendered for the two-year contract fell short of the $250,000 tender threshold, the party undertaking the evaluation was under the impression that this became a Request for Quote and that it could be evaluated as such. This is not the case for two reasons:

- Once the tender process has started, it must continue as a tender.
- The total contract offered (including the two-year extension) makes up the total contract value. To interpret the contract value in any other manner falls foul of the anti-avoidance provisions of both the Purchasing Policy and the Regulations.

It is relevant to note that there was only one response to the Request for Tender and, despite an evaluation panel not being formed, a comprehensive evaluation of the tender received was undertaken.

Considering all of these factors, this non-compliance can be seen as relatively minor. The party undertaking the evaluation clearly had no intention to breach the legislation, and a comprehensive evaluation of the prospective tenderer still occurred. The party undertaking

the evaluation has since been advised of the relevant legislation and policy interpretations, and thus repeated non-compliance is highly unlikely.

2.2 Authorisations Non-compliance

As part of its ongoing legislative compliance review, the governance team identified that officers and contractors of the Shire were performing some functions without proper authorisations.

Certain functions, such as registering dogs, apprehending dogs roaming in public places, and issuing infringement notices all require specific authorisations. The Local Government Act 1995 and the Dog Act 1976 are both highly prescriptive regarding the instrument of authorisation, with ID cards necessary for authorised officers under both Acts and a certificate of authorisation for registration officers under the Dog Act 1976. In addition to these statutory requirements, the Delegation Register requires that these authorisations be kept on a register.

As mentioned above, prior to this issue being identified, contractors (like the ranger services) and officers have been performing functions without the necessary authorisations. This poses a risk to the Shire, as persons who are aggrieved by any enforcement measures (especially by the ranger services) have an avenue to appeal and have decisions revoked.

Several steps have been taken to address these issues, as outlined below:

- All officers who assist with front counter duties have been certified as registration officers under the Dog Act 1976, so that dogs being registered in the district are done so lawfully.
- An authorised officers framework has been developed and implemented.
    - This process has led to relevant officers and contractors being issued the correct authorisations, and given training regarding their statutory powers and duties.
    - This framework currently deals with the Local Government Act 1995, the Dog Act 1976, the Cat Act 2011, the Caravan Parks and Camping Grounds Act 1995, the Cemeteries Act 1986, the Control of Vehicles (Off-Road Areas) Act 1978, the Litter Act 1979 and all Local Laws.
    - Other Acts administered by the Shire, such as the Public Health Act 2016 and the Building Act 2011 will be reviewed in the second stage of the roll-out.

2.3 Publication of Registers Non-compliance

In July 2025, an internal audit was undertaken on the requirement, under legislation, to publish several registers on the Shire's website. The review found that the following registers were missing from the website:

- Declaration of interest 2024/25;
- Fees and allowances paid to Elected Members 2022/23;
- Fees and allowances paid to Elected Members 2023/24; and
- Fees and allowances paid to Elected Members 2024/25.

These omissions have now been rectified.

In order to prevent this from happening in the future, the Attain compliance calendar will be updated to include reminders of the requirement to publish these registers.

3. Regulation 17 Audit – Implementation of Recommendations

In 2023, the Shire underwent its last Regulation 17 Audit, with eleven recommendations being provided by the auditors.

The risks corresponding to each of the recommendations were classified as medium-low by the auditors. However, the audit report stated that they should be addressed as a high priority.

The Audit and Risk Committee should be notified of progress towards implementation of these recommendations. Each recommendation is detailed below, and an update has been provided.

3.1 Recommendation One: Update Risk Management Framework

Recommendation from Auditors: *"The Risk Management Framework and the Risk Management & Governance policy/guideline should be updated as soon as possible in line with the new standard ISO 31000:2018 and should clearly outline the process for the development, management and reporting of the operational risk register and the strategic risk register. Both policies should then be endorsed by the Audit Committee."*

Progress Towards Implementation: The Risk Management Framework and the Risk Management Policy were reviewed and updated in 2023. These documents are due to be reviewed again in 2026.

3.2 Recommendation Two: Develop Risk Registers

Recommendation from Auditors: "*Develop an operational risk register and a strategic risk register as a matter of priority. A copy of the risk registers with evidence of ongoing management action should be tabled at each Audit Committee meeting."*

Progress Towards Implementation: Operational and Strategic Risk Registers were developed in 2023, and have been reviewed in 2025. The Committee is scheduled to consider the revised Strategic Risk Register at its meeting of 21 August 2025. The Chief Executive Officer is currently reviewing the Operational Risk Register.

3.3 Recommendation Three: Implementation of Risk Identification Policy

Recommendation from Auditors: "*Implementation of a Risk Identification and Prevention policy governing how both operational and strategic risks are to be continually identified, categorised as high, medium, or low risk (based on the Shire's Risk Matrix Model) reviewed, monitored and recorded in the risk registers. This risk identification and prevention policy should also be endorsed by the Audit Committee."*

Progress Towards Implementation*:* A Risk Management Framework has been adopted and endorsed by Council. The process for risk identification and prevention is outlined within this document.

3.4 Recommendation Four: Implementation of a Whistle Blower Policy

Recommendation from Auditors: **"***Consideration for the establishment of a Whistle Blower policy. This should be formulated and then endorsed by the Audit Committee should the Shire consider is worthwhile."*

Progress Towards Implementation: The Shire now has a Public Interest Disclosure Procedure.

3.5 Recommendation Five: Amend Audit and Risk Committee Terms of Reference

Recommendation from Auditors: **"***The Shire's Audit Committee should be called the Audit and Risk Committee, and its current Terms of Reference amended accordingly to include risk as a strong focus. Further that risk management should be included as a regular agenda item for each Committee meeting. We also propose that the Audit and Risk Committee consider including an external member as part of the Committee who is independent of the Shire operations and not a Councillor, to assist the Committee in finance and risk management related matters. The use of an independent external member is in line with "Audit Committee Good Practice "guidelines. The Committee's Terms of Reference should be amended as such."*

Progress Towards Implementation: Council renamed its Audit Committee as the Audit and Risk Committee and has since updates its Terms of Reference. Under the revised Terms of Reference, an independent member was added to the Committee. In response to the legislative changes introduced in late 2024, a further review of the Committee's Terms of Reference will be required.

Risk management is yet to become a regular agenda item for Committee meetings. This will be addressed in the coming months.

3.6 Recommendation Six: Update Purchasing Policy

Recommendation from Auditors: *"The Shire should include as part of its existing procurement policy, the contract management policy/process and the evaluation panel process, including the obtaining of conflict of intertest declarations, as soon as possible which should also include all tender compliance requirements relating to Part 4 of the Local Government (Functions and General) Regulations 1996 sections 11A to 24AJ."*

Progress Towards Implementation: The Shire has updated its Purchasing Policy and included requirements for evaluation panels, including obtaining conflict of interest forms.

A contract management template has been incorporated into the policy. However, there are no guidelines surrounding its use. Consideration will be given to drafting an Executive Instruction regarding contract management. In addition, further improvements to the planning stage of procurement are being considered.

3.7 Recommendation Seven: Develop an IT Disaster Recovery Plan

Recommendation from Auditors: "*The Shire together with their outsourced IT provider develop a Disaster Recovery IT plan, a data back up and retrieval policy, amending the computer lock out time from 60 minutes to no more than 15 minutes and develop written procedures and policy relating to the authorisation process to be followed over staff password resets."*

Progress Towards Implementation: The Shire has developed, implemented and tested an IT Disaster Recovery Plan.

3.8 Recommendation Eight: Develop an Internal Controls Policy

Recommendation from Auditors: **"***Give consideration to developing an Internal Controls policy which outlines staff responsibilities over internal control compliance and incorporating the responsibilities within staff job descriptions and also staff induction programs. This should highlight the importance of proper segregation of duties, system access controls and the approval processes."*

Progress Towards Implementation: The Shire has developed an Internal Controls Policy as part of its draft revised Council Policy Manual, which is under review by the Chief Executive Officer ahead of submission to Council.

3.9 Recommendation Nine: Implement a Compliance Calendar

Recommendation from Auditors: **"***A more effective compliance calendar should be designed to track all activities and actions required to ensure compliance with all legislative requirements associated with the Local Government Act 1995, the Local Government (Functions & General) Regulations 1996 and the Local Government (Audit) Regulations 1996. The compliance calendar should include information relating to compliance being achieved."*

Progress Towards Implementation: The Shire has purchased the 'Attain' compliance calendar software from Integrity Solutions. The legislative requirements embedded as tasks within the calendar are regularly reviewed and maintained by both staff at Integrity Solutions.

3.10 Recommendation Ten: Add Statutory Context to Policies and Procedures

Recommendation from Auditors: **"***Consideration should also be given to include within each updated policies and procedures reference to the applicable legislative requirement. This then provides information to staff that by following the policy or procedure legislative compliance is being achieved."*

Progress Towards Implementation: The draft revised Council Policy Manual contains a section that links policies to the relevant statutory context. This manual is yet to be endorsed by Council.

3.11 Recommendation Eleven: Implement a Legislative Compliance Policy

Recommendation from Auditors: *"Consideration should be given to the implementation of a Legislative Compliance policy which outlines the responsibility for compliance with legislative requirements and how such compliance is to be met. Consideration should be given for the Shire to develop various legislative compliance checklists to enable various areas within the Shire (or by the Manager of Governance & Community Services position) to undertake self-assessment checks. We would suggest that these be undertaken regularly throughout the calendar year and be signed off attesting to compliance. These can be undertaken in conjunction with the annual Compliance Audit Return (CAR) and would complement the (CAR) process."*

Progress Towards Implementation: The draft Council Policy Manual contains a Legislative Compliance Policy. This policy is yet to be endorsed by Council.

3.12 Conclusion

In summary, the Shire has made progress towards implementing all eleven recommendations. Good progress has been made towards fully implementing five of the recommendations. The other six have been fully implemented. Further improvements have been identified for three of the six 'fully implemented' recommendations. The progress towards implementation of each recommendation is given in summary table (Table 1) below.

Key		Recommendation	Progress
No Progress		One: Update Risk Management Framework	
Some Progress		Two: Develop Risk Registers	
Fully Implemented		Three: Implementation of Risk Identification Policy	
Fully Implemented (with further improvements identified).		Four: Implementation of a Whistle Blower Policy	
		Five: Amend Audit and Risk Committee Terms of Reference	
		Six: Update Purchasing Policy	
		Seven: Develop an IT Disaster Recovery Plan	
		Eight: Develop an Internal Controls Policy	
		Nine: Implement a Compliance Calendar	
		Ten: Add Statutory Context To Policies and Procedures	
		Eleven: Implement a Legislative Compliance Policy	

Table 1: Progress Towards Implementation of Regulation 17 Audit Recommendations

8. New Business of an Urgent Nature Introduced by Discussion of the Meeting

9. Confidential Items

9.1. Interim Audit Management Letter

File Reference	082025.9.1
Disclosure of Interest	Neither the Author nor Authorising Officer have any Impartiality, Financial or Proximity Interest that requires disclosure.
Applicant	Nil
Previous Item Numbers	Nil
Date	13 August 2025
Author	Mike Darby – Manager of Finance
Authorising Officer	Mark Furr – Chief Executive Officer
Attachments 1. Interim Management Letter to CEO 2. Interim Management Letter Attachment	

OFFICERS' RECOMMENDATIONS AND COUNCIL DECISION
Resolution ARCM AUG 25 – 9.1

Moved: Cr AR Crooks
Seconded: C Negri

That, in accordance with section 5.23(2) of the Local Government Act 1995, the meeting is closed to the members of the public for this item, as the following sub-section applied:

(f) a matter that if disclosed, could be reasonably expected to –
(ii) endanger the security of the local government's property.

For: Cr AR Crooks, Cr R Rajagopalan, Cr S Strange, C Negri
Against: Nil
Carried 4/0

OFFICERS' RECOMMENDATIONS AND COUNCIL DECISION
Resolution ARCM AUG 25 – 9.1

Moved: C Negri
Seconded: Cr AR Crooks

That, in accordance with section 5.23(2) of the Local Government Act 1995, the meeting is reopened to the members of the public.

For: Cr AR Crooks, Cr R Rajagopalan, Cr S Strange, C Negri
Against: Nil
Carried 4/0

OFFICERS' RECOMMENDATIONS AND COUNCIL DECISION
Resolution ARCM AUG 25 – 9.1

Moved: Cr AR Crooks
Seconded: C Negri

That Audit and Risk Committee recommends to Council that Council receive the Interim Audit Management Letter for the financial year ended 30 June 2025.

For: Cr AR Crooks, Cr R Rajagopalan, C Negri
Against: Nil
Carried 3/0

10. Closure of Meeting

The Chair Cr R Rajagopalan closed the meeting at 10.30am.

These minutes were confirmed at a meeting on

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Cr Ram Rajagopalan

Chair