

SHIRE OF BRUCE ROCK

AUDIT COMMITTEE MINUTES MEETING 15 JUNE 2023

TABLE OF CONTENTS

1.	Declaration of Opening	2
2.	Record of Attendance / Apologies / Leave of Absence (Previously Approved)	2
3.	Response to Previous Public Questions Taken on Notice	2
4.	Public Question Time	2
5.	Petitions / Deputations / Presentations / Submissions	2
6.	Confirmation of Minutes	2
7.	Reports of Officers	3
7.1.1	Regulation 17 Review Update	3
7.1.2	Risk Management Policy.....	10
7.1.3	Risk Management Framework.....	13
8.	Confidential Items.....	15
9.	New Business of an urgent nature introduced by discussion of the meeting.	15
10.	Closure of Meeting.....	15

SHIRE OF BRUCE ROCK

AUDIT COMMITTEE MINUTES MEETING 15 JUNE 2023

1. Declaration of Opening

The Shire President Stephen Strange declared the meeting open at 3.37pm.

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

President	Cr SA Strange
Councillors	Cr AR Crooks
	Cr NC Kilminster
	Cr PG Negri
	Cr Rajagopalan
	Cr J Verhoogt
	Cr BJ Waight
	Cr RA Waye
Chief Executive Officer	Mr DRS Mollenoyux
Manager of Governance and Community	Mrs N Ugarte
Manager of Finance	Mrs M Barthakur
Executive Assistant	Mrs M Schilling (Minutes)
Apology	Cr KP Foss

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 the 18th May 2023

OFFICER RECOMMENDATION AND COUNCIL DECISION

Resolution ACM June 23 – 6.1

Moved: Cr Rajagopalan

Seconded: Cr Waight

That the minutes of the Audit Committee Meeting held 18 May 2023 be confirmed as a true and correct record.

Carried 8/0

7. Reports of Officers

Agenda Reference and Subject:	7.1.1 Regulation 17 Review Update
Reporting Officer:	Nerea Ugarte, Manager of Governance and Community Services
Author:	Nerea Ugarte, Manager of Governance and Community Services
Disclosure of Interest:	Nil
Attachments:	<i>Nil</i>

Summary

Council will be provided with a report on the progress made in implementing the recommendations of the latest Regulation 17 review.

Background

The latest Regulation 17 review, which was completed in May 2023, made several recommendations to the Shire of Bruce Rock (Shire) to improve its risk management, internal control and legislative compliance processes.

At its ordinary meeting of May 2023, Council approved the proposed actions to be taken by the Shire in response to the review recommendations.

Comment

The following table provides an update on the actions taken to date to address the Regulation 17 review recommendations.

Recommendation		Shire's Response	Status Update
1.	The Risk Management Framework and the Risk Management and 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.	The Shire will update its Risk Management Governance Framework (including its risk management policy and procedures) in line with the new standard ISO 31000:2018. The Shire will ensure that the Framework clearly outlines the process for the development, management and reporting of the strategic and operational risk registers. The Shire intends to engage the Local Government Insurance Services (LGIS) to undertake this work. Due date: September 2023	The Shire has revised its Risk Management Policy and Risk Management Framework (which includes procedures) in line with the new standard ISO 31000:2018. Both documents are scheduled to be considered by Council at its ordinary meeting of June 2023. The Framework outlines that strategic risks are to be managed at the Council level, and captured within the Shire's Strategic Plan. The Framework also outlines how operational

Recommendation		Shire's Response	Status Update
			risks are to be captured, managed and reported through the Shire's Risk Profile.
		The Shire will seek endorsement of the Risk Management Governance Framework by the Audit Committee. Due date: October 2023	The Audit Committee is scheduled to consider the revised Risk Management Framework in June 2023.
2.	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.	The Shire will develop strategic and operational risk registers. Due date: September 2023	A senior managers' workshop has been scheduled for 29 June 2023 to develop the Shire's Risk Profile (operational risk register).
		A copy of the risk registers, with evidence of ongoing management action, will be tabled at each Audit Committee meeting. Due date: Ongoing, starting in September 2023	Not started.
3.	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.	The Shire will develop and implement a Risk Identification and Prevention Policy as part of the development of its Risk Management Governance Framework. Due date: September 2023	The revised Risk Management Framework outlines the process to be followed to identify, categorise, review and record strategic and operational risks. As such, it is considered that the development of a separate Risk Identification and Prevention Policy is not warranted. <i>It is therefore recommended that Council agrees to close this action.</i>
		The Risk Identification and Prevention Policy will be presented to the Audit Committee for endorsement. Due date: September 2023	It is considered that the development of a separate Risk Identification and Prevention Policy is not warranted. <i>It is therefore recommended that Council agrees to close this action.</i>

Recommendation		Shire's Response	Status Update
4.	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.	With the engagement of a new Manager of Governance and Community Services, the Shire is about to commence a comprehensive review of its governance policies. The Shire will take a risk-based approach on the timing for the review or development of each policy. The establishment of a Whistle Blower policy will be considered as part of this process.	The establishment of a Whistle Blower policy has not been considered yet.
5.	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.	The Audit Committee will be renamed Audit and Risk Committee. Due date: June 2023	Council will consider the renaming of the Audit Committee at its ordinary meeting of June 2023.
		The terms of reference of the Audit Committee will be amended to reflect the Committee's responsibilities in relation to risk management. Due date: June 2023	Council will consider the revised terms of reference of the Audit Committee at its ordinary meeting of June 2023.
		Risk management will be included as a regular agenda item for the Committee's meetings. Due date: Ongoing, starting June 2023	Not started.
		The composition of the Audit Committee will be reviewed, with the objective of reducing the number of Councillors on the Committee and incorporating an independent, external member. This review will be undertaken following the October 2023 Local Government elections, which will result in the Shire of Bruce Rock's Council being reduced from nine to seven members. Due date: November 2023	Not started.
6.	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	The Council will review its Procurement Policy and incorporate the recommended processes and requirements. Due date: November 2023	Not started.

Recommendation		Shire's Response	Status Update
	conflict of interest 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.		
7.	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.	The Shire will develop an IT Disaster Recovery Plan and a data back up and retrieval policy. Due date: August 2023	Wallis Computer Solutions (Wallis), the Shire's IT services provider, has provided a quote for the development of an IT Disaster Recovery Plan. The total cost quoted is \$5,095. This amount is over the \$5,000 threshold in the Shire's Purchasing Policy, which requires that at least three quotes be sourced. However, Wallis is considered to be a sole supplier in this particular case, as the recovery plan will be linked to, and be dependent on, our current IT service arrangements with Wallis. As required by the Purchasing Policy, the decision to engage Wallis without seeking further quotes will be recorded on the Record of Written Quotations.
		The Shire will change the computer lock out time from 60 minutes to 15 minutes. Due date: June 2023	Completed.
		The Shire will develop written procedures and policy relating to the authorisation process to be followed for staff password resets. Due date: July 2023	Not started.
8.	Give consideration to developing an Internal Controls policy which outlines	The Shire will develop an Internal Controls Policy, outlining staff responsibilities over internal	Not started.

Recommendation		Shire's Response	Status Update
	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.	control compliance. The Shire has already started a monthly staff development session to address internal risk, training, and development. Due date: August 2023	
		Internal control responsibilities will be incorporated in staff job descriptions and induction programs. Due date: September 2023	Not started.
9.	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.	The Shire will develop a more effective compliance calendar, including information regarding the process to achieve compliance. The Shire is currently exploring the use of the Smartsheet platform or the Attain compliance software to develop its new compliance calendar. Due date: September 2023	Not started.
10.	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.	The Shire will include reference to applicable legislative requirements in its updated policies and procedures. This will be done as part of its review of its suite of governance policies.	Ongoing, as part of the review of the Policy Manual.
11.	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 will implement a Legislative Compliance Policy, outlining the responsibility for compliance with legislative requirements and how such compliance is to be met. Due date: November 2023	Not started.
		The Manager of Governance and Community Services will develop and manage legislative compliance checklists.	Not started.

Recommendation	Shire's Response	Status Update
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.	Due date: Ongoing, starting in September 2023	

Consultation

Chief Executive Officer

Manager of Finance

Statutory Implications

Regulation 17, Local Government (Audit) Regulations 1996

"The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to –

(a) risk management; and

(b) internal control; and

(c) legislative compliance."

Policy Implications

Policies related to risk management, internal control and legislative compliance processes are being reviewed and improved in implementing actions in response to the latest Regulation 17 review recommendations.

Risk Implications

Risk: That policies and processes related to risk management, internal control and legislative compliance do not reflect current best practice.		
Likelihood	Consequence	Rating
Unlikely	Moderate	Moderate
Action / Strategy		
<ul style="list-style-type: none"> • Council approves the new Risk Management Policy and Framework, and the revised terms of reference for the Audit Committee. • Council continues to monitor the implementation of actions in response to the Regulation 17 review recommendations. 		

Financial Implications

\$5,095 to date.

Strategic Implications

Shire of Bruce Rock – Strategic Community Plan 2017-2027

Governance

Goal 12 Council leads the organisation in a strategic and flexible manner

Voting Requirements

Absolute Majority

OFFICER RECOMMENDATION AND COUNCIL DECISION

Resolution ACM June 23 – 7.1.1

Moved: Cr Verhoogt

Seconded: Cr Wayne

That Council:

- 1. Note the status update on the implementation of actions in response to the Regulation 17 review recommendations; and**
- 2. Agree to close actions related to the recommendation to develop a Risk Identification and Prevention Policy, as the matters to be covered by the proposed Policy are captured in the revised Risk Management Framework.**

CARRIED BY ABSOLUTE MAJORITY 8/0

Agenda Reference and Subject:	7.1.2 Risk Management Policy
Reporting Officer:	Nerea Ugarte, Manager of Governance and Community Services
Author:	Nerea Ugarte, Manager of Governance and Community Services
Disclosure of Interest:	Nil
Attachments:	<i>Item 7.1.2 Attachment A - Amended Risk Management Policy</i>

Summary

The Risk Management Policy has been reviewed and amended in response to a recommendation from the latest Regulation 17 review. Council is asked to approve the amended policy.

Background

Regulation 17 of the Local Government (Audit) Regulations 1996 requires the Chief Executive Officer to undertake a review of the appropriateness and effectiveness of the Shire of Bruce Rock's (Shire) systems and procedures in relation to risk management, internal control and legislative compliance.

The latest review, which was undertaken by consultants Australian Audit, was completed in May 2023.

At its Ordinary Meeting of the 18th May 2023, Council endorsed the actions to be taken by the Shire in response to the recommendations of the review. This included the recommendation to amend the Risk Management Policy in line with the latest, relevant Australian standard (ISO 31000:2018).

Comment

While the current policy states it is aligned with ISO 31000:2018, the Manager of Governance and Community Services contacted the Local Government Insurance Services (LGIS) to seek its guidance on the latest requirements with regard to risk management policies. In response, LGIS provided a copy of its latest model Risk Management Policy for use by Local Governments, which complies with the latest applicable standard.

A comparison of the Shire's current policy and the model policy provided by LGIS has resulted in the following recommended amendments to the Shire's policy:

- **Objective**

The objective in the amended policy places an emphasis on the early identification of potential risks, so that opportunities can be realised and impacts minimised.

The contribution of risk management to the Shire's achievement of its objectives "efficiently, effectively and within good corporate governance principles" has also been recognised in the policy objective.

The existing policy lists the policy's overarching and more specific objectives in separate sections. The revised policy has brought these together under the "Objectives" heading.

- **Policy**

The current policy states that it is the Shire’s policy to achieve best practice. This has been toned down to state that the Shire strives to achieve best practice. This is in recognition of the Shire’s size and limited resources. This concept is further reinforced by indicating that “risk management functions will be resourced to match the size and scale of the Shire’s operations”.

A paragraph has been added to indicate that the policy applies to Council, the Shire’s management team and all employees and contractors involved in Shire operations.

- **Definitions**

The reference to AS/NZS 31000:2009 has been removed, as Australian Audit has advised this standard has been superseded. However, no changes have been made to the definitions contained in the policy, as these are still accurate.

- **Roles, responsibilities and accountabilities**

The references to the CEO being responsible for the allocation of roles, responsibilities and accountabilities, and to these being recorded in the Risk Management Procedures have been removed. Instead, roles, responsibilities and accountabilities will be outlined in detail in the Shire’s Risk Management Framework.

The revised policy provides the following responsibilities to the CEO:

- Implementation of the Risk Management Policy.
- Measurement and reporting on the performance of risk management.
- Review and improvement of the policy and the Risk Management Framework at least biennially, or in response to a material event or change in circumstances.

- **Associated documents**

A section has been added to identify other Shire documents associated with the Risk Management Policy. These include the Risk Management Framework and the Risk Profile.

Consultation

Chief Executive Officer

Manager of Finance

Manager of Works and Services

LGIS

Statutory Implications

Regulation 17, Local Government (Audit) Regulations 1996

“The CEO is to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to —

(a) risk management; and

(b) internal control; and

(c) legislative compliance.”

Policy Implications

The Risk Management Policy has been reviewed to reflect contemporary, best practice.

Risk Implications

Risk: That the Risk Management Policy does not reflect current best practice in risk management.		
Likelihood	Consequence	Rating
Unlikely	Moderate	Moderate
Action / Strategy		
<ul style="list-style-type: none"> • Council approves recommended changes to the Risk Management Policy. • The Risk Management Policy is reviewed annually, or in response to a material event or change in circumstances. 		

Financial Implications

Nil

Strategic Implications

Shire of Bruce Rock – Strategic Community Plan 2017-2027

Governance

Goal 12 Council leads the organisation in a strategic and flexible manner

Voting Requirements

Absolute Majority

OFFICER RECOMMENDATION AND COUNCIL DECISION

Resolution ACM June 23 – 7.1.2

Moved: Cr Waye

Seconded: Cr Waight

That Council review and endorse the modifications to the Risk Management Policy, as attached.

CARRIED BY ABSOLUTE MAJORITY 8/0

Agenda Reference and Subject:	7.1.3 Risk Management Framework
Reporting Officer:	Nerea Ugarte, Manager of Governance and Community Services
Author:	Nerea Ugarte, Manager of Governance and Community Services
Disclosure of Interest:	Nil
Attachments:	<i>Item 7.1.3 Attachment A - Risk Management Framework</i>

Summary

Council is asked to approve a new Risk Management Framework.

Background

The Shire of Bruce Rock's (Shire) existing Risk Management Framework dates back to July 2014. This document was developed by the Local Government Risk Insurance Services (LGIS) in accordance with the standard applicable at the time (AS/NZS ISO 31000:2009 – Risk Management).

The latest Regulation 17 review identified that the Shire's Risk Management Framework should be updated as soon as possible in line with the new standard (AS/ANZ ISO 31000:2018 – Risk Management), and should clearly outline the process for the development, management and reporting of the Shire's strategic and operational risk registers.

LGIS was approached to seek its assistance in reviewing the Shire's Risk Management Framework. In response, LGIS provided the Shire with a copy of a model Risk Management Framework for Local Governments, which is compliant with AS/ANZ ISO 31000:2018 – Risk Management.

Comment

The model Risk Management Framework provided by LGIS has been reviewed and slightly modified to reflect the Shire's organisational structure.

The proposed new framework (attached):

- states that strategic risks should be recorded and managed as part of the Shire's strategic planning process and the CEO's Annual Risk Summary Report; and
- outlines the process to develop, manage and report on the Shire's Risk Profile, which constitutes its operational risk register.

Consultation

Chief Executive Officer
 Manager of Finance
 Manager of Works and Services
 LGIS

Statutory Implications

Regulation 17, Local Government (Audit) Regulations 1996

*"The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 (a) risk management; and*

*(b) internal control; and
(c) legislative compliance.”*

Policy Implications

The Risk Management Framework has been reviewed to reflect contemporary, best practice.

Risk Implications

Risk: That the Risk Management Framework does not reflect current best practice in risk management.		
Likelihood	Consequence	Rating
Unlikely	Moderate	Moderate
Action / Strategy		
<ul style="list-style-type: none"> • Council approves the new Risk Management Framework. • The Risk Management Framework is reviewed every three years, or in response to a material event or change in circumstances. 		

Financial Implications

Nil.

Strategic Implications

Shire of Bruce Rock – Strategic Community Plan 2017-2027

Governance

Goal 12 Council leads the organisation in a strategic and flexible manner

Voting Requirements

Absolute Majority

OFFICER RECOMMENDATION AND COUNCIL DECISION

Resolution ACM June 23 – 7.1.3

Moved: Cr Verhoogt

Seconded: Cr Negri

That Council review and endorse the new Risk Management Framework, as attached.

CARRIED BY ABSOLUTE MAJORITY 8/0

8. Confidential Items

9. New Business of an urgent nature introduced by discussion of the meeting.

10. Closure of Meeting.

The Shire President Stephen Strange thanked everyone for their attendance and declared the meeting closed at 3.44pm.

These minutes were confirmed at a meeting on

Cr Stephen Strange
Shire President



Audit Committee Agenda Attachments

Thursday 15 June 2023

SHIRE OF BRUCE ROCK

AUDIT COMMITTEE AGENDA ATTACHMENTS 15 JUNE 2023

	PAGE
ITEM 10.4.3 AUDIT COMMITTEE TERMS OF REFERENCE	
ATTACHMENT A - AUDIT AND RISK COMMITTEE TERMS OF REFERENCE	3
ITEM 10.4.5 RISK MANAGEMENT POLICY	8
ATTACHMENT A - AMENDED RISK MANAGEMENT POLICY	
ITEM 10.4.6 RISK MANAGEMENT FRAMEWORK	
ATTACHMENT A - RISK MANAGEMENT FRAMEWORK	10

SHIRE OF BRUCE ROCK

AUDIT COMMITTEE MINUTES MEETING 18 MAY 2023

TABLE OF CONTENTS

1.	Declaration of Opening	2
2.	Record of Attendance / Apologies / Leave of Absence (Previously Approved)	2
3.	Response to Previous Public Questions Taken on Notice	2
4.	Public Question Time	2
5.	Petitions / Deputations / Presentations / Submissions	2
6.	Confirmation of Minutes	2
7.	Reports of Officers	3
7.1.1	Financial Management Regulation 17 Audit Report	3
8.	Confidential Items.....	5
9.	New Business of an urgent nature introduced by discussion of the meeting.	5
10.	Closure of Meeting.....	5

SHIRE OF BRUCE ROCK

AUDIT COMMITTEE AGENDA MEETING 18 MAY 2023

1. Declaration of Opening

The Shire President Stephen Strange declared the meeting open at 2.54pm.

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

President	Cr SA Strange
Councillors	Cr AR Crooks
	Cr KP Foss
	Cr NC Kilminster
	Cr PG Negri
	Cr Rajagopalan
	Cr BJ Waight
Chief Executive Officer	Mr DRS Mollenoyux
Manager of Governance and Community	Mrs N Ugarte
Manager of Finance	Mrs M Barthakur
Executive Assistant	Mrs M Schilling (Minutes)
Apology	Cr RA Waye
	Cr J Verhoogt

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 16 March 2023

OFFICER RECOMMENDATION AND COUNCIL DECISION

Resolution ACM May 23 – 6.1

Moved: Cr Rajagopalan

Seconded: Cr Crooks

That the minutes of the Audit Committee Meeting held 16 March 2023 be confirmed as a true and correct record.

Carried 7/0

7. Reports of Officers

Agenda Reference and Subject:	
	7.1.1 Financial Management Regulation 17 Audit Report
Reporting Officer:	Manisha Barthakur, Manager of Finance
Author:	Manisha Barthakur, Manager of Finance
Disclosure of Interest	Nil
Attachment	<i>Item 7.1.1 Attachment A – Regulation 17 Audit Report</i>

Summary

As per the minutes of the May 2020 Audit committee meeting, a Financial Management Regulation 17 audit was undertaken and has been completed within the given timeline. It is to request the council to review and confirm the report as received.

Background

With reference to the agenda item 7.2.1 that was endorsed in the May 2020 Audit committee meeting, a full review of the Shire's internal system and procedures as a part of regulation 17 was required to be completed by 21st May 2023.

Legislative Requirements

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

Comment

Our Shire considered the Reg 17 review conducted by Mr Santo Casilli of Australian Audit (Council's new auditors) and management's comments addressing the recommendations.

Consultation

Chief Executive Officer, Deputy Chief Executive Officer, Manager of Finance, Manager Governance & Community Services and Council's Auditor, Mr Santos Casilli.

Statutory Implications

Local Government (Audit) Regulations 1996 r.16, r17.

Policy Implications

Compliance with the Risk Management Policy

Financial Implications

Nil

Strategic Implications

Shire of Bruce Rock, Strategic Community Plan 2013-23

Civic Leadership

4.1.2 – Manage the organisation in a responsible and accountable manner
4.1.3 – Deliver services that meet the current and future needs and expectations of the community, whilst maintaining statutory compliance

Voting Requirements

Simple Majority

OFFICER RECOMMENDATION AND COUNCIL DECISION

Resolution ACM May 23 – 7.1.1

Moved: Cr Negri

Seconded: Cr Foss

That Council receives the Financial Management Regulation 17 Audit Report

Carried 7/0

8. Confidential Items

9. New Business of an urgent nature introduced by discussion of the meeting.

10. Closure of Meeting

The Shire President Stephen Strange thanked everyone for their attendance and declared the meeting closed at 2.58pm.

These minutes were confirmed at a meeting on

Cr Stephen Strange
Shire President

Policy Name:	1.4 Risk Management Policy
Department:	General Administration
Date Adopted:	18 September 2014
Last Reviewed:	15 June 2023

Objectives

The objective of the Shire of Bruce Rock's ("the Shire's") Risk Management Policy is to identify potential risks before they occur, so that opportunities can be realised, and impacts can be minimised, to ensure the Shire achieves its strategic and corporate objectives efficiently, effectively and within good corporate governance principles.

More specifically, the objectives of this policy are as follows:

- Optimise the achievement of our vision, mission, values, strategies, goals and objectives.
- Align with, and assist with, the implementation of Shire policies.
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Reflect risk versus return within our risk appetite.
- Embed appropriate and effective controls to mitigate risk.
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhance organisational resilience.
- Identify and provide for the continuity of critical operations.

Policy

It is the Shire's Policy to strive to achieve the best practice it can (aligned with AS/NZS ISO 31000:2018 Risk management), in the management of all risks that may affect the Shire, its customers, people, assets, functions, objectives, operations or members of the public.

Risk management functions will be resourced to match the size and scale of the Shire's operations, will form part of the Strategic, Operational, Project and Line Management responsibilities, and will be incorporated within the Shire's Risk Management Framework and Integrated Planning Framework.

This policy applies to Council, the Shire's Management Team and all employees and contractors involved in Shire operations.

The Shire's Management Team will determine and communicate the Risk Management Policy, Objectives and Procedures, as well as, direct and monitor implementation, practice and performance.

Every employee within the Shire is recognised as having a role in risk management from the identification of risks to implementing risk treatments, and shall be invited and encouraged to participate in the process.

Consultants may be retained at times to advise and assist in the risk management process, or management of specific risks or categories of risk.

Definitions

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, operational, 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 Appetite

The Shire quantified its risk appetite through the development and endorsement of the Shire's Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Framework and are subject to ongoing review in conjunction with this policy.

All organisational risks are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. For operational requirements, such as projects, or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisation's appetite and are to be noted within the individual risk assessment.

Roles, Responsibilities and Accountabilities

The CEO is responsible for the:

- implementation of this policy;
- measurement and reporting on the performance of risk management;
- review and improvement of this policy at least annually and the Shire's Risk Management Framework at least every three years, or in response to a material event or change in circumstances.

The Shire's Risk Management Framework outlines in detail all roles and responsibilities under CEO delegation associated with managing risks within the Shire.

Monitor and Review

The Shire will implement and integrate 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 kept under review by the Shire's Management Team and its employees. It will be formally reviewed annually.

Head of Power

Local Government (Audit) Regulations 1996, r.17

Associated Documents Risk Management Framework, Risk Profile

Risk Management Framework

Document Control

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



Table of Contents

Introduction	4
Governance	5
Risk Management Procedures	10
Risk Profiles	18
Appendix A Risk Management and Acceptance Criteria	

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.

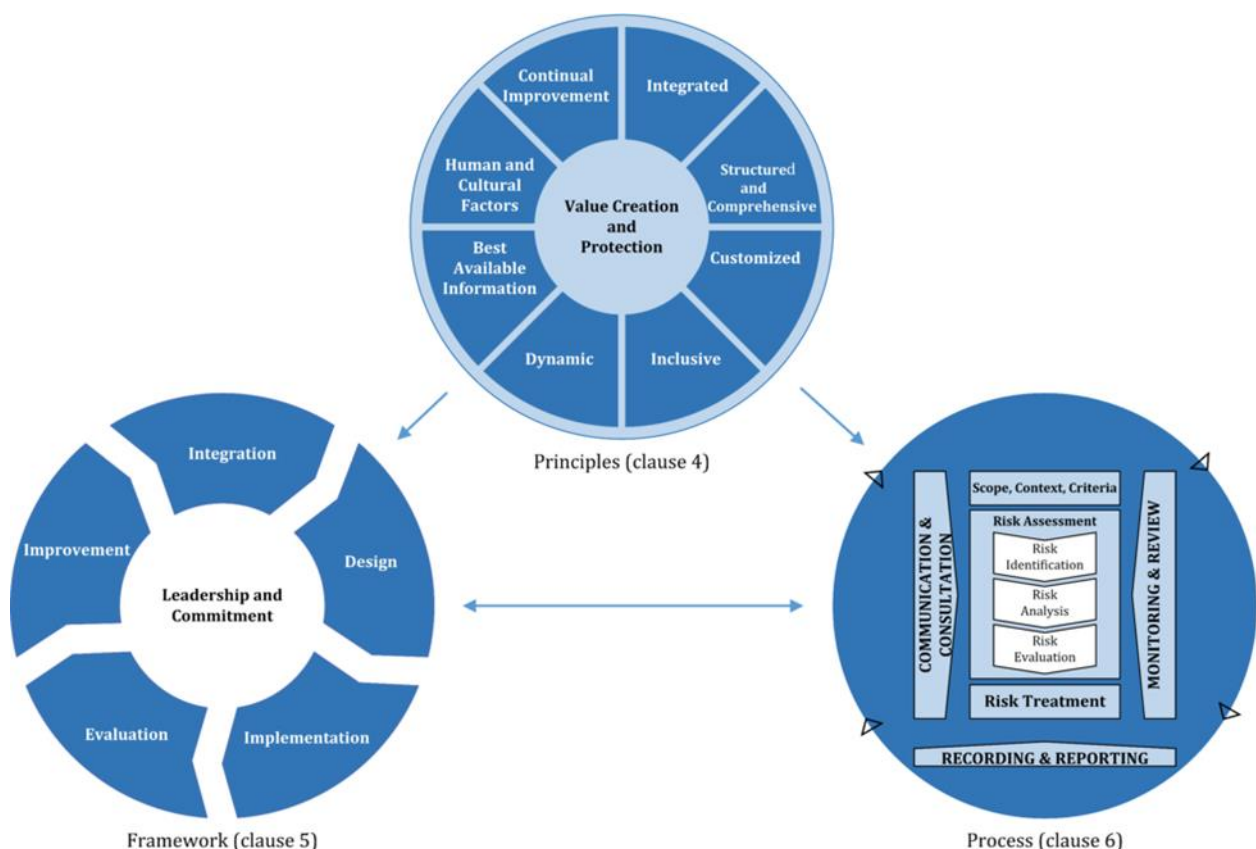


Figure 1: Relationship between the risk management principles, framework and process (Source: ISO 31000:2018)

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.

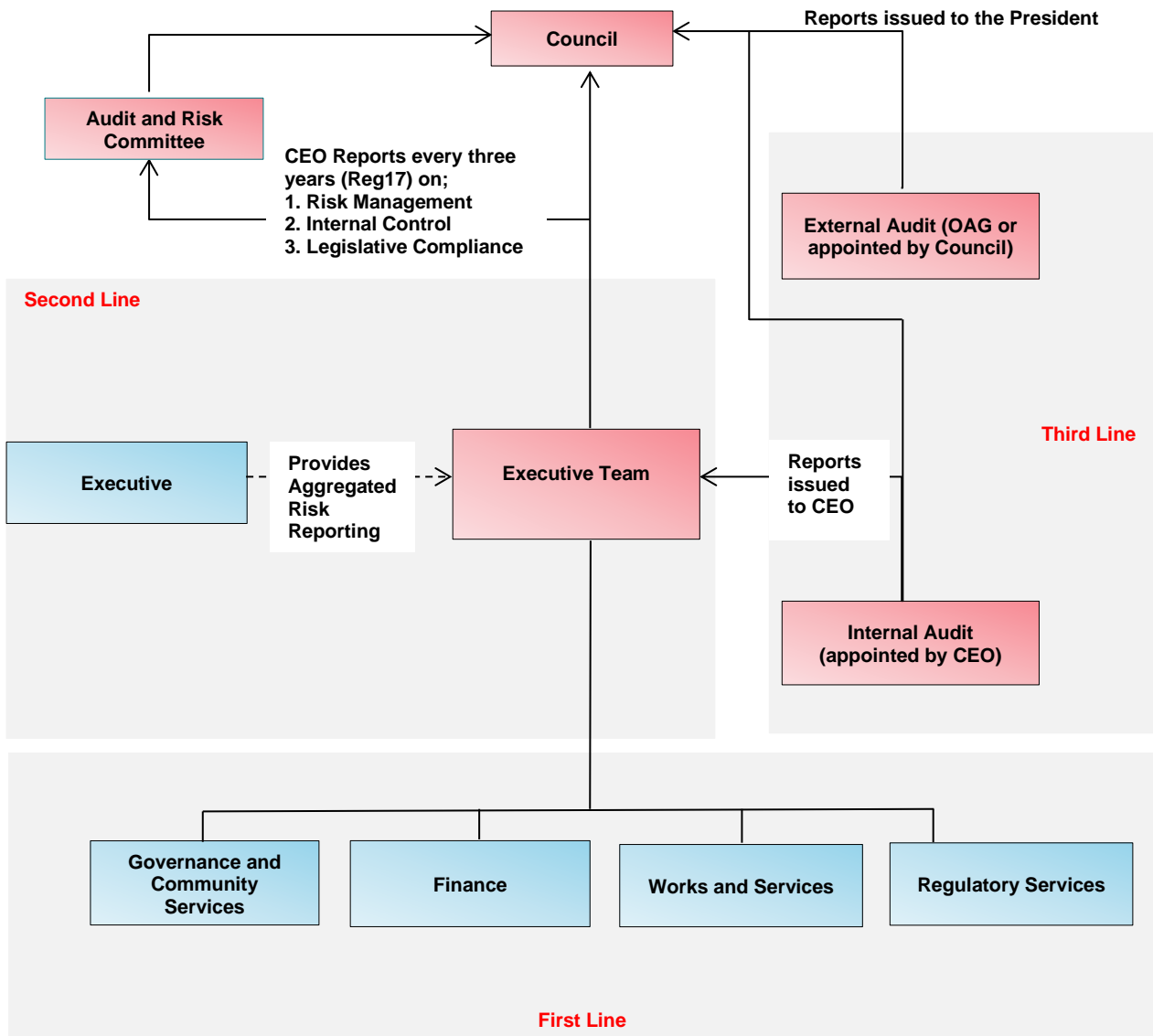


Figure 2: Operating Model

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 with 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.

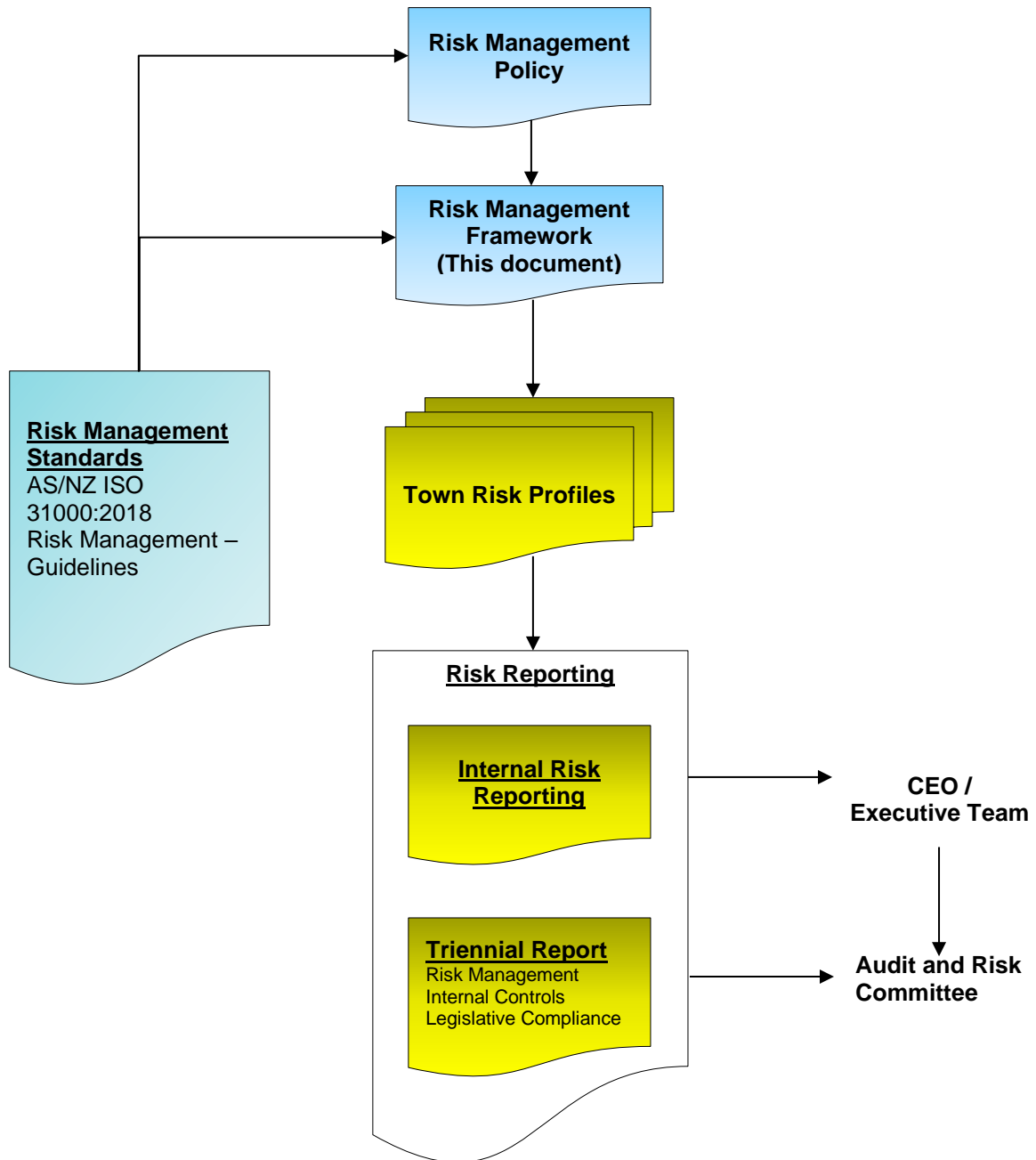


Figure 3: Document Structure

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.

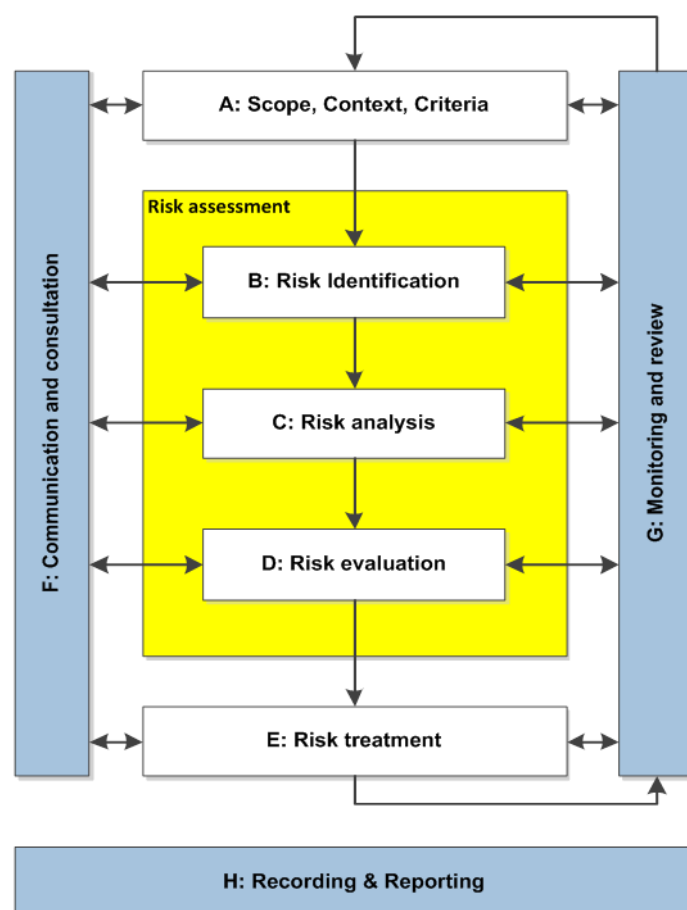


Figure 4: Risk Management Process ISO 31000:2018

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:

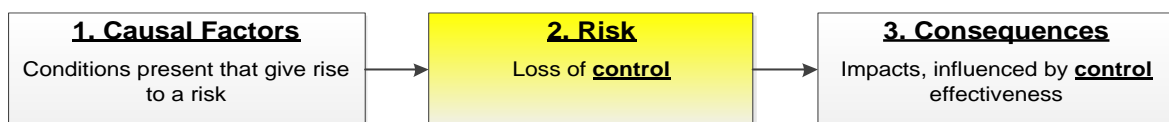


Figure 5: Event (risk) sequence

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

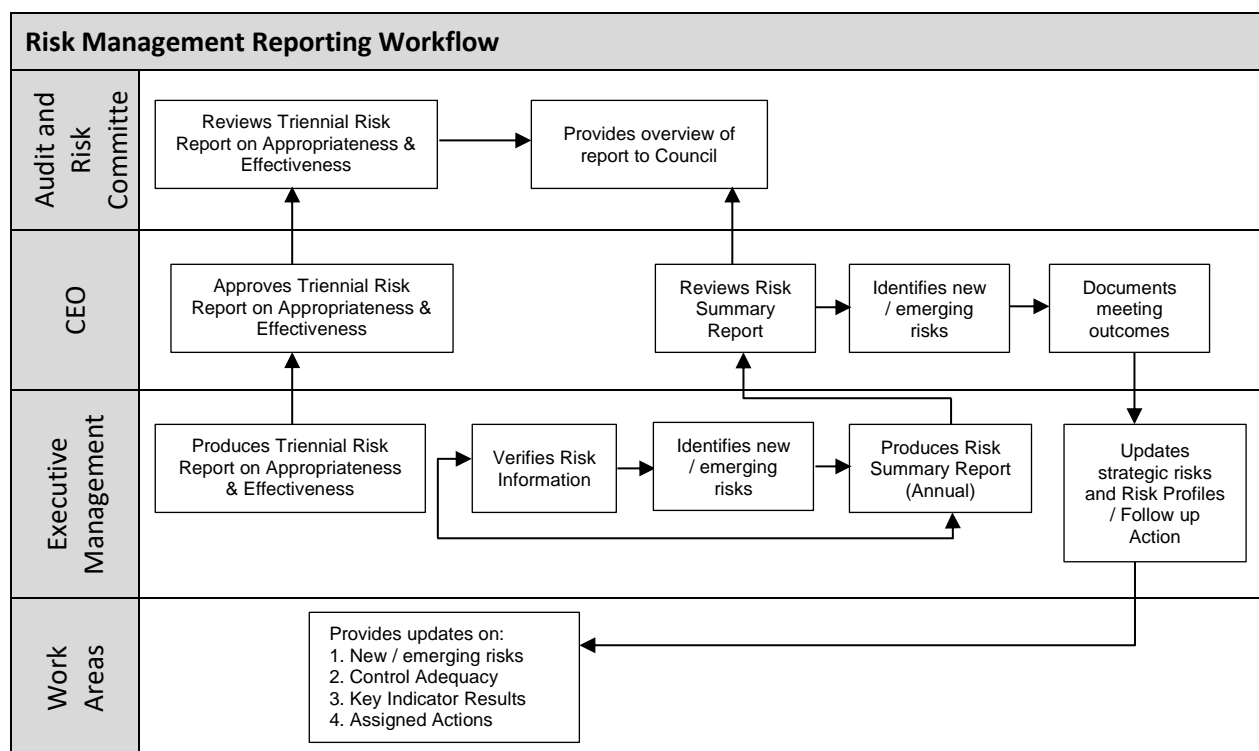
It is essential to monitor and review the management of risks, as changing circumstances may result in some risks increasing or decreasing in significance.

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		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		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 <u>little</u> scope for improvement.	Processes (Controls) operating as intended and aligned to Policies / Procedures. Subject to ongoing monitoring. Reviewed and tested regularly.
Adequate	There is <u>some</u> scope for improvement.	Processes (Controls) generally operating as intended, however inadequacies exist. Limited monitoring. Reviewed and tested, but not regularly.
Inadequate	There is a <u>need</u> 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.