Shire of Dardanup

APPENDICES

AUDIT RISK AND IMPROVEMENT COMMITTEE

TO BE HELD

9th September 2026

Commencing at 3:30pm

AT

Shire of Dardanup

ADMINISTRATION CENTRE EATON

1 Council Drive - EATON

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Upon request.

2025 Compliance Audit Return

Local Government Authority: The Shire of Dardanup

Local Government Act 1995

s. 2.29

Has every person elected or appointed to a mayor, president, deputy, or councillor role made the required declaration in the prescribed form before a prescribed person, prior to acting in the office?

Response: Yes

Comments: Form 7's completed by Elected Members, Shire President and Deputy Shire President at Special Council Meeting (SCM) 22-10-2025

s. 3.16

Has the local government reviewed local laws, which have not been reviewed in the previous 8 years, to ensure compliance with Schedule 9.3, Clause 65?

Response: Yes

s.3.57

Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?

Response: Yes

s. 3.58(3)

Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?

Response: Yes

s. 3.58(4)

Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property?

Response: Yes

s. 3.59(2)(a)

Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2025?

Response: N/A

Comments: No major trading undertaken or major land transactions undertaken in 2025

s. 3.59(2)(b)

Has the local government prepared a business plan for each major land transaction that was not exempt in 2025?

Response: N/A

Comments: No major trading undertaken or major land transactions undertaken in 2025

s. 3.59(2)(c)

Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2025?

Response: N/A

Comments: No major trading undertaken or major land transactions undertaken in 2025

s. 3.59(4)

Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2024?

Response: N/A

Comments: No major trading undertaken or major land transactions undertaken in 2025

s. 3.59(5)

During 2025, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?

Response: N/A

Comments: No major trading undertaken or major land transactions undertaken in 2025

s. 5.16 (1)

Were all delegations to committees resolved by absolute majority?

Response: Yes

s. 5.16 (2)

Were all delegations to committees in writing?

Response: Yes

Comments: 2024/2025 Delegation Register was last adopted 18-12-2024 Res 314-24 which is not in this CAR period.

2025/2026 Delegation Register was adopted Ordinary Council Meeting (OCM) 24 June 2026 Res 141-26.

s. 5.17

Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?

Response: Yes

Comments: 2024/2025 Delegation Register was last adopted 18-12-2024 Res 314-24 which is not in this CAR period.

2025/2026 Delegation Register was adopted Ordinary Council Meeting (OCM) 24 June 2026 Res 141-26.

s. 5.18

Were all delegations to committees recorded in a register of delegations?

Response: Yes

Comments: Audit & Risk Committee

Behaviour Complaints Committee

Bushfire Advisory Committee noted in 2024-25 Delegation Register

s. 5.36(4) and s. 5.37(3)

Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?

Response: N/A

Comments: No recruitment of CEO in 2025; no 'Senior Employees' at SoD.

s. 5.37(2)

Did the CEO inform council of each proposal to employ or dismiss senior employee?

Response: N/A

Comments: No 'Senior Employees' at SoD

Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?

Response: N/A

Comments: No 'Senior Employees' at SoD

s. 5.39B

Has the local government adopted and maintained model standards that incorporate the prescribed model standards within required timeframes (including amendments), ensured adoption by absolute majority, published an up-to-date version on its official website, and avoided including any inconsistent additional provisions?

Response: Yes

Comments: The Shire adopted CEO Standards in April 2021 in accordance with legislative requirements. 28-04-2021 Res: 112-21. The 2024 amendments were incorporated into the 2025 CEO Annual Performance Review process.

s. 5.42

Were all delegations to the CEO resolved by an absolute majority?

Response: Yes

Comments: 2024/2025 Delegation Register was last adopted 18-12-2024 Res 314-24 which is not in this CAR period.

2025/2026 Delegation Register was adopted 24 June 2026 Res 141-26.

Were all delegations to the CEO in writing?

Response: Yes

Comments: 2024/2025 Delegation Register was last adopted 18-12-2024 Res 314-24 which is not in this CAR period.

2025/2026 Delegation Register was adopted 24 June 2026 Res 141-26.

s. 5.43

Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?

Response: Yes

Comments: 2024/2025 Delegation Register was last adopted 18-12-2024 Res 314-24 which is not in this CAR period.

2025/2026 Delegation Register was adopted 24 June 2026 Res 141-26.

s. 5.44(2)

Were all employees delegated authority by the CEO under Section 5.44(1), issued with a written instrument of delegation?

Response: Yes

Comments: Any new employees in 2025 appointed to a position with delegated authority were issued with a certificate via Software Application - Attain.

s. 5.45(1)(b)

Were all decisions by the Council to amend or revoke a delegation made by absolute majority?

Response: N/A

Comments: No Delegations were revoked during the period.

s. 5.46

Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?

Response: Yes

Comments: Register maintained through Attain system

Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2024/2025 financial year?

Response: Yes

Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?

Response: Yes

Comments: Register maintained through Attain system

s. 5.50

If the local government paid a finishing employee an amount in addition to their entitlement, did the local government follow a policy it had adopted and published on its website outlining the circumstances in relation to payments made to terminated employees?

Response: Yes

Comments: Refer to Council Policy CnG CP016 Severance Policy - Section 5.50 of the LG Act.

If the local government made a payment to a finishing employee that is more than the amount set out in the policy, was local public notice given?

Response: N/A

s. 5.51A

Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government?

Response: Yes

Comments: Employee CoC last adopted by EMT and authorised by CEO on 29-10-2024;

Has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?

Response: Yes

s. 5.67

Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?

Response: Yes

Comments: It is recorded in the LG Minutes when an elected member with a disclosed interest leaves and returns to the meeting. The Minutes provide evidence that the member was not present for discussion or decision-making on the relevant matter

s. 5.68(2)

Were all decisions regarding participation approval in relation to Section 5.68(2), including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?

Response: Yes

Comments: It is recorded in the LG Minutes when an elected member with a disclosed interest leaves and returns to the meeting along with any discussion or recording of approval to remain in the room. The Minutes provide evidence that the member was not present for discussion or decision-making on the relevant matter

s. 5.69(5)

Were all decisions regarding participation approval in relation to Section 5.69(5), including the extent of participation allowed recorded in the minutes of the relevant council or committee meeting?

Response: N/A

Comments: No Minister approval sought during the period.

s. 5.70

Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?

Response: Yes

Comments: It is recorded in the LG Minutes when an Officer with a disclosed interest leaves and returns to the meeting. The Minutes provide evidence that the member was not present for discussion or decision-making on the relevant matter

s. 5.71B(5) and (7)

Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?

Response: N/A

Comments: No Minister approval sought during the period.

Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered?

Response: N/A

Comments: No Minister approval sought during the period.

s. 5.73

Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?

Response: Yes

s. 5.75

Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?

Response: Yes

s. 5.76

Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2025?

Response: Yes

s. 5.77

On receipt of a primary or annual return, did the CEO, or the Mayor/President, as the case may be, give written acknowledgment of having received the return?

Response: Yes

Comments: Acknowledgement is automated through Attain.

s. 5.88

Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995?

Response: Yes

Comments: Registers maintained and available on the Shire Website.

Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?

Response: Yes

Comments: Registers maintained and available on the Shire Website.

After a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?

Response: Yes

Comments: Registers maintained and available on the Shire Website.

Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?

Response: Yes

s. 5.89A

Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?

Response: Yes

Comments: Registers maintained and available on the Shire Website.

Did the CEO publish an up-to-date version of the gift register on the local government's website?

Response: Yes

s. 5.90A

Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government’s website, a policy dealing with the attendance of council members and the CEO at events?

Response: Yes

s. 5.94

Does the local government have information available for members of the public to inspect, free of charge as prescribed under section 5.94 and Admin Reg 29, except where restricted under this section?

Response: Yes

Comments: Council Policy CnG CP081 Elected Member and CEO Attendance at Events - endorsed 23-10-2024 Res: 275-24

s. 5.96

Where a person is entitled to inspect information under this Division, can the local government confirm that copies are available and that the price at which it sells copies does not exceed the cost of providing them, (unless prescribed otherwise)?

Response: Yes

s. 5.96A

Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?

Response: Yes

s. 5.104

Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates that incorporates the model code of conduct?

Response: Yes

Did the local government adopt additional requirements in addition to the model code of conduct?

Response: Yes

Comments: CoC most recently updated and endorsed by Council 25-03-2026 Res:39-26 - which is after this review period. But the CoC before that was published.

Additional requirements: Yes - Standards of Dress

Does it comply with section 5.104(3) and (4) of the Local Government Act 1995?

Response: Yes

Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government’s website?

Response: Yes

s. 5.128

Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?

Response: Yes

Comments: Council Policy CnG CP112 Councillors Induction Training and Professional Development - endorsed 23-10-2024 Res: 275-24.

Policy endorsed at OCM 24 June 2026 - Res: 143-26

s. 7.12A(3), (4) and (5)

Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?

Response: N/A

Comments: There were no Management Control issues raised or identified by Auditors; Unqualified Audit Report 24/25 noting the Independent Auditors Report included Emphasis of Matter - Restatement of Comparative Balances (30/06/2024).

Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters?

Response: N/A

Comments: There were no Management Control issues raised or identified by Auditors; Unqualified Audit Report 24/25 noting the Independent Auditors Report included Emphasis of Matter - Restatement of Comparative Balances (30/06/2024).

Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?

Response: N/A

Comments: There were no Management Control issues raised or identified by Auditors; Unqualified Audit Report 24/25 noting the Independent Auditors Report included Emphasis of Matter - Restatement of Comparative Balances (30/06/2024).

Local Government (Administration) Regulations 1996

r. 18F

Were the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995?

Response: N/A

Comments: No new CEO appointed in 2025.

r. 19AB

Does the code of conduct contain the requirement that a local government employee (not including the CEO) must not accept a prohibited gift from an associated person?

Response: Yes

Comments: Section 3.15 of the Employee CoC includes a statement on 'prohibited gift'

r. 19AC

Does the local government's code of conduct include requirements for the recording, storing, disclosure, and use of information relating to gifts accepted by local government employees (excluding the CEO) from associated persons, in accordance with regulatory requirements?

Response: Yes

Comments: Section 3.15 of the Employee CoC includes a statement on 'prohibited gift'

r. 19AE

Does the local government's code of conduct include requirements addressing employee behaviour in the performance of duties, interactions with others, use and disclosure of information, use of local government resources and finances, the keeping of records, and the reporting and management of suspected breaches and misconduct, in accordance with regulatory requirements?

Response: Yes

r. 19B

Did the local government include in its annual report all information required under section 5.53(2)(g) and (i) and regulation 3A(2), including number of employee's in salary bands over $130,000, remuneration and allowances paid, ordered payments, CEO remuneration, council member meeting attendance, available demographic information about council members, and details of any modifications to the strategic community plan or significant modifications to the corporate business plan?

Response: Yes

Comments: Demographics personal information about Council Members - Reg 19B (h) notes = 'if available'

r. 19C

Has the local government adopted by absolute majority a strategic community plan?

Response: Yes

Comments: Last Major Review - Special Council Meeting 5 May 2022 Res 105-22.

Strategic Community Plan 2024-2034 Internal Review (ie 2 yearly) adopted 24 April 2024 Res 107-24.

Major Review 2026 scheduled for Adoption in August 2026.

Adoption date or the date of the most recent review: 24/04/2024

r. 19DA

Has the local government reviewed its corporate business plan in accordance with Admin Regulation 19DA(4)?

Response: Yes

Comments: Corporate Business Plan Review 2025-2028 adopted 21 May 2025 Res 114-25.

Date of review: 21/05/2025

Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?

Response: Yes

r. 22

No response required. This is covered by s5.75.

r. 23

No response required. This is covered by s5.76.

r. 28

No response required. This is covered by s5.88(1).

r. 28A

No response required. This is covered by s5.89A(1).

r. 29

No response required. This is covered by s5.94.

r. 29C

Does the local government publish all prescribed information on its official website— including up-to-date policies, required details of council member and employee returns, council member fees and allowances, and relevant public notices—within the specified timeframes and in accordance with legislative requirements?

Response: Yes

r. 35

Has every local government council member completed and passed the Council Member Essentials course, consisting of the five required modules and delivered by an approved provider, within 12 months of being elected?

Response: Yes

r. 36

Does the local government appropriately identify and document council members who are exempt from the training requirements under section 5.126(1), including verifying that the member:

- has completed an approved course within the specified 5-year period prior to election, or
- completed the LGASS00002 Elected Member Skill Set before 1 July 2019 within the relevant timeframe, or
- qualifies for the transitional exemption applicable to council members in office at the commencement of the 2019 regulatory amendments?

Response: Yes

Local Government (Audit) Regulations 1996

r. 10

Was the auditor's report for the financial year ending 30 June 2025 received by the local government within 30 days of completion of the audit?

Response: Yes

r. 17

Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2025?

Response: Yes

Comments: 27-03-2024 Res: 94-24 - item 12.5.2. All findings reviewed and accepted at OCM 25/09/2025 - Res 265-25

Date of council's resolution to accept the report: 25/09/2025

Local Government (Constitution) Regulations 1998

r. 11FA

Did the CEO provide the Minister a report as to the result of the election within 14 days of the declaration and in the form of Form 20 of the Local Government (Elections) Regulations 1997, modified as necessary?

Response: Yes

Comments: Form 20 issued by Returning Officer on 30-10-2025

r. 13

Were all required oaths, affirmations and declarations under section 2.42 (in relation to Commissioners) made in the correct form (Form 8), before the appropriate authorised person?

Response: N/A

Comments: No commissioner appointed.

Local Government (Elections) Regulations 1997

r. 30G

Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?

Response: Yes

Comments: Only 1 disclosure in 2025.

Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?

Response: Yes

Comments: No other disclosures made for other years, so no requirement to remove any.

Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?

Response: Yes

Local Government (Financial Management) Regulations 1996

r. 5

Has the CEO ensured efficient systems and procedures are established under provisions set out in Financial Management Regulations 5(1)(a) to (g)?

Response: Yes

Comments: Ordinary Council Meeting 26 March 2025 Res 61-25

r. 6

Has the local government ensured that any employee delegated responsibility for day-to-day accounting or financial management operations is not also delegated the responsibility for conducting internal audits, reviewing their own duties, or for managing, directing or supervising someone who carries out these functions?

Response: Yes

r. 7

Did the local government ensure it has regard to the needs of the inhabitants of the district as a whole and not keep separate ward accounts or determine expenditure on the basis of revenue from a ward?

Response: Yes

r. 8

Does the local government maintain separate accounts with a bank or other financial institution for money to be held in the municipal fund, trust fund and for reserve account purposes?

Response: Yes

r. 9

Did the local government keep separate financial records for each trading undertaking and each major land transaction?

Response: N/A

Comments: No major trading undertaking / No major land transactions undertaken in 2025

r. 11

Has the local government developed procedures for the authorisation of, and the payment of, accounts in accordance with Local Government (Financial Management) Regulations 11(1), (2) and (3)?

Response: Yes

Comments: CnG CP035 Payment of Accounts

CnG CP310 Purchasing Card Policy

r. 12

Were payments made from the municipal fund or trust fund made by the CEO under a delegated authority or authorised, in accordance with regulation 13(2), in advance by a council resolution?

Response: Yes

Comments: Refer Delegation 1.2.31 Payments from Municipal or Trust Funds

r. 13

Can the local government confirm that, where the CEO has been delegated authority to make payments from the municipal or trust fund, the CEO prepared accurate monthly lists that are presented at the next ordinary council meeting and recorded in the minutes?

- includes the payee's name, payment amount, payment date, and sufficient information to identify each transaction where payments have already been made; or
- includes the payee's name, payment amount, sufficient information to identify each transaction, and the date of the council meeting (to which the list will be presented) for accounts requiring council approval.

Response: Yes

Comments: Schedule of Paid Accounts is presented to each OCM.

r. 13A

Did the local government prepare a list each month of all payments made using employee-authorised credit, debit or other purchasing cards, and include the payee’s name, the amount of the payment, the date of the payment, sufficient information to identify the payment, and present the list at the next ordinary council meeting (and record in the minutes)?

Response: Yes

Comments: Purchasing Card reporting has been enhanced to provide greater transparency, ensuring each transaction is clearly identified in the Agenda Council Report – Schedule of Paid Accounts.

Transactions relating to fuel purchases for the Shire’s brigades, which were previously consolidated, are now itemised separately within the report, consistent with the reporting approach applied to the Ampol Fuel Account.

While the information provided remains compliant with Regulation 13A, the inclusion of the full transaction listing provides greater transparency and clarity regarding the nature and purpose of individual expenditure.

r. 19

Has the local government established and documented internal control procedures to enable identification of the nature and location of all investments and any related transactions?

Response: Yes

Comments: Delegation 1.2.33 Power to Invest and Manage Investments

Council Policy - CnG CP036 Investment Policy

r. 19C

Has the local government ensured that all investments made under section 6.14(1) comply with statutory restrictions set out in Financial Management Reg. 19C?

Response: Yes

Local Government (Functions and General) Regulations 1996

r. 7

No response required. This is covered by s3.59(2).

r. 9

No response required. This is covered by s3.59(2).

r. 10

No response required. This is covered by s3.59(2).

r. 11A

Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, $250,000 or less or worth $250,000 or less?

Response: Yes

Comments: CnG CP034 Procurement Policy

A Non Compliance to Council Policy CP034 Purchasing Policy identified in November 2025 where numerous Purchase Orders for a single supply; Purchase Orders created less than $5,000 per order; there was no direct financial loss to the Shire. Reported at Audit & Risk Committee in March 2026, and Ordinary Council Meeting dated 25th March 2026 Res 71-26 includes non-compliant procurement issue to Council Policy CP034 Procurement Policy.

r. 11

No response required. This is covered by s3.57.

r. 12

Did the local government consider the implications of Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?

Response: Yes

Comments: CnG CP034 Procurement Policy

A Non Compliance to Council Policy CP034 Purchasing Policy identified in November 2025 where numerous Purchase Orders for a single supply; Purchase Orders created less than $5,000 per order; there was no direct financial loss to the Shire. Reported at Audit & Risk Committee in March 2026, and

Ordinary Council Meeting dated 25th March 2026 Res 71-26 includes non-compliant procurement issue to Council Policy CP034 Procurement Policy.

r. 14(1), (3) and (5)

If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?

Response: Yes

Comments: All tender information is released through the Tenderlink portal. Any amendments or additional information relating to a tender are communicated through the portal, with all registered suppliers receiving notification. This includes changes such as extensions to the tender closing date or the release of supplementary information.

r. 15

Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?

Response: Yes

r. 16

No response required. This is covered by r. 15.

r. 17

Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?

Response: Yes

r. 18(1) and (4)

Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?

Response: Yes

Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?

Response: Yes

r. 19

Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?

Response: Yes

r. 21

Does the local government's advertising and expression of interest processes for limiting who can tender comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?

Response: Yes

r. 22

No response required. This is covered by r. 21.

r. 23

Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?

Response: Yes

Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?

Response: Yes

r. 24

Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?

Response: Yes

r. 24AD(2), (4) and (6)

Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE?

Response: N/A

Comments: The Shire of Dardanup did not undertake a Panel of Pre-Qualified Suppliers during 2025.

If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?

Response: N/A

Comments: The Shire of Dardanup did not undertake a Panel of Pre-Qualified Suppliers during 2025.

r. 24AE

No response required. This is covered by r. 24AD(2), (4) and (6).

r. 24AF

No response required. This is covered by r. 24AD(2), (4) and (6).

r. 24AG

Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?

Response: N/A

Comments: The Shire of Dardanup did not undertake a Panel of Pre-Qualified Suppliers during 2025.

r. 24AH(1) and (3)

Did the local government reject any applications to join a panel of prequalified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?

Response: N/A

Comments: The Shire of Dardanup did not undertake a Panel of Pre-Qualified Suppliers during 2025.

Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?

Response: N/A

r. 24AI

Did the CEO send each applicant written notice advising them of the outcome of their application?

Response: N/A

Comments: The Shire of Dardanup did not undertake a Panel of Pre-Qualified Suppliers during 2025.

r. 24E

Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?

Response: N/A

Comments: The Shire does not apply regional price preference.

r. 24F

No response required. This is covered by r. 24E.

I certify this is a true and accurate copy of the 2025 Compliance Audit Return, as adopted by Council at the meeting of _____ 2026.

CEO	Date
Mayor or President	Date

GOVERNMENT OF WESTERN AUSTRALIA

WA.gov.au

Compliance Audit Returns

Steps for completing and submitting a Compliance Audit Return.

Last updated: 17 June 2026

The Compliance Audit Return (CAR) is an annual self-assessment required under regulation 14 of the Local Government (Audit) Regulations 1996. Every local government in Western Australia must complete a CAR for the period of 1 January to 31 December each year.

CAR: Important Notice

The deadline for submitting your Compliance Audit Return (CAR) for the period of 1 January to 31 December 2025 has been deferred until 30 September 2026.

With the introduction of the Local Government Inspectorate, there have been a number of changes to the statutory requirements for which a compliance audit is needed. These changes are outlined in regulation 13 of the *Local Government (Audit) Regulations 1996*, published on 1 January 2026.

In addition, the Local Government Inspector has the ability to limit what statutory requirements are included in the CAR, under regulation 15A of the *Local Government (Audit) Regulations 1996*, published on 1 January 2026.

This year the Local Government Inspectorate is providing the questions in advance. This will allow information necessary to complete the CAR to be gathered in advance before submitting the approved responses through the portal by the due date.

Compliance Audit Return 2025 Questions

The portal will be available by July.

Queries relating to the CAR can be sent to car@lginspector.wa.gov.au .

The CAR ensures local governments review their compliance with key legislative requirements under the *Local Government Act 1995* and associated regulations. This process promotes accountability, transparency, and good governance across the sector.

The CAR must be completed by the local government administration, reviewed by the Audit, Risk and Improvement Committee (ARIC), and then adopted by the council before submission to the Local Government Inspector by 31 March of the year following the audit period.

The Inspector's role is to:

- prepare and issue the required CAR form

- ensure integrity and accuracy of compliance reporting
- intervene early if a CAR reveals systemic non-compliance
- appoint monitors to assist local governments in resolving issues.

Process for completing the CAR

Step 1: Complete the CAR

- Carry out a compliance audit for the period 1 January to 31 December.
- Prepare a CAR according to questions issued by the Inspector.
- Review each question thoroughly and provide accurate responses based on your local government's activities for the previous calendar year.
- Gather any internal records or documentation needed to verify your answers.

Step 2: Review and Certify

- Once completed, the CAR must be reviewed by your ARIC.
- The ARIC will check for accuracy and compliance before reporting to the council and recommending adoption.

Step 3: Council Adoption

- Present the CAR to the council for formal adoption.
- Record the council resolution in your meeting minutes, as this will be required for submission.

Step 4: Submit Online

- Log in to the CAR Portal.
- Upload the following:
  - the completed CAR
  - a copy of the Council resolution adopting the CAR
  - any additional information explaining or qualifying the compliance audit.
- Submit before the deadline.

Self-Reporting Non-Compliance

Local Governments are encouraged to self-report to the Local Government Inspector any incidence of significant non-compliance.

This may be defined to include reporting non-compliance with matters that also form part of the Compliance Audit Return, however you are encouraged to contact the Inspector's Compliance team for advice and guidance via email: compliance@lginspector.wa.gov.au .

Reports of non-compliance should include details of the identified matter; the steps undertaken, or intended to be undertaken, to remedy the identified matter; and the approximate timeframe for the remedy to take effect.

Provided by

Contact

Local Government Inspector
Address:
Gordon Stephenson House, 140 William Street - Level 2 Reception, Perth WA 6000
Telephone:
61 8 9222 3333
Email:
contact@lginspector.wa.gov.au

Have a question or want to report a problem?

Fill in the form to get assistance or tell us about a problem with this information or service.

Send feedback

RISK ASSESSMENT TOOL

AGENDA TITLE: *2025 Compliance Audit Return*

RISK THEME PROFILE:

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

RISK ASSESSMENT CONTEXT: Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATEMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	Non-compliance with statutory reporting requirements may result in regulatory scrutiny or intervention, which could lead to indirect financial implications for the Shire.	Minor (2)	Unlikely (2)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Risk of failing to meet legislative obligations under the *Local Government (Audit) Regulations 1995.*	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	The CAR is not completed, reviewed, adopted, or submitted in accordance with legislative requirements or within prescribed timeframes.	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Instances of non-compliance are not identified, disclosed, or appropriately addressed through the compliance audit process.	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATEMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
REPUTATIONAL	Risk of adverse audit findings or regulatory scrutiny could reflect negatively on the Shire's reputation.	Minor (2)	Unlikely (2)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
PROPERTY	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

RISK ASSESSMENT TOOL

REPORT TITLE: *2026 Governance Health Review*

RISK THEME PROFILE:

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)
4 - Document Management Processes
5 - Employment Practices
8 - Errors, Omissions and Delays

RISK ASSESSMENT CONTEXT: Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATEMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	Failure to address the identified governance and control weaknesses may result in financial impacts, including inefficient procurement outcomes, control failures, or exposure to fraud or error. Additionally, future remediation costs may increase if issues are not addressed in a timely manner.	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A
LEGAL AND COMPLIANCE	If audit findings are not appropriately addressed, there is a risk that governance frameworks may not fully align with legislative requirements or better practice, potentially leading to non-compliance and future audit findings.	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATEMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
REPUTATIONAL	If the identified governance improvements are not effectively addressed, there is a risk of reduced stakeholder confidence, including from the community, Council, auditors, and regulatory bodies. This may impact the Shire's reputation for transparency, accountability, and good governance.	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
PROPERTY	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

RISK ASSESSMENT TOOL

REPORT TITLE: Financial Management Systems Review – Final Update Report

RISK THEME PROFILE:

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

RISK ASSESSMENT CONTEXT: Strategic

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATEMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Failure to fulfil obligations pursuant to the Local Government (Financial Management) Regulations 1996, Regulation 5.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Council's reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
PROPERTY	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

RISK ASSESSMENT TOOL

REPORT TITLE: Biannual Compliance Task Report

RISK THEME PROFILE:

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

RISK ASSESSMENT CONTEXT: Strategic

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATEMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Failure to fulfil compliance obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Council's reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
PROPERTY	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

(Appendix ARIC: 10.5A)

Internal Audit Strategic Plan 2026/27 - 2029/30

Incorporating the Annual Audit Work Plan 2026/27

Shire of Dardanup

Shire of Dardanup

Document Control	

Document ID: 2026/27 – 2029/30 Internal Audit Strategic Plan

Rev No	Date	Revision Details	Author	Approver	Recommendation Date / Adoption Date
1.0	04-08-2026	2026/27 – 2029/30 Internal Audit Strategic Plan created for presentation to ARIC, with subsequent endorsement by Council	Corporate Excellence & Compliance Officer	Chief Executive Officer	ARIC 09-09-2026 Res TBC OCM 23-09-2026 Res TBC

Document ID: 2026/27 Annual Audit Work Plan

Rev No	Date	Revision Details	Author	Approver	Recommendation Date / Adoption Date
1.0	04-08-2026	2026/27 Annual Audit Work Plan created for presentation to ARIC, with subsequent endorsement by Council	Corporate Excellence & Compliance Officer	Director Corporate & Governance	ARIC 09-09-2026 Res TBC OCM 23-09-2026 Res TBC

Shire of Dardanup

Contents

Shire of Dardanup

Introduction

Purpose of Internal Audit

Internal Audit provides independent and objective assurance and advisory services designed to add value and improve the Shire of Dardanup's (the Shire) operations. The Internal Audit function assists Council, the CEO, Executive Management and the Audit, Risk and Improvement Committee by evaluating and improving the effectiveness of governance, risk management, internal controls and compliance processes.

This Internal Audit Strategic Plan establishes the framework for the delivery of internal audit services over the period 2026/27 to 2029/30 and supports the achievement of the Shire's strategic objectives through a risk-based approach to assurance.

Plan Framework

The primary purpose of the Shire's Internal Audit planning framework is to align internal audit activities with the Shire's strategic objectives, risks, governance responsibilities and assurance requirements.

The Internal Audit planning framework consists of two key elements:

- An **Internal Audit Strategic Plan,** being a rolling three-year document that establishes the strategic direction, audit priorities and coverage methodology for the Internal Audit function; and
- An **Annual Internal Audit Work Plan,** which is reviewed and presented to the Audit, Risk and Improvement Committee (ARIC) each year and identifies the specific assurance and advisory activities proposed to be undertaken during the relevant financial year.

The Internal Audit Strategic Plan is reviewed annually to ensure it remains aligned with the Shire's risk profile, strategic priorities and emerging assurance requirements. The Annual Internal Audit Work Plan may be amended throughout the year in response to emerging risks, legislative changes, organisational priorities or requests from the Chief Executive Officer or ARIC.

Together, these documents establish the strategic and operational priorities of the Internal Audit function and support the effective allocation of audit resources to areas of greatest organisational risk and assurance need.

Internal Audit Capacity and Resourcing

The Internal Audit function at the Shire of Dardanup is delivered by the Corporate Excellence & Compliance Officer under the oversight of the Chief Executive Officer.

Shire of Dardanup

As a single-resource internal audit function, the annual audit program is developed using a risk-based prioritisation methodology to ensure available audit resources are directed towards areas of greatest risk, legislative obligation, governance significance and organisational impact.

In addition to planned assurance activities, Internal Audit is responsible for a range of ongoing governance and compliance activities including:

- Internal audit planning and reporting.
- Monitoring implementation of audit recommendations.
- Coordination with external audit.
- Audit, Risk and Improvement Committee support.
- Governance and compliance advisory services.
- Fraud, risk and control advisory activities.
- Review of Auditor General reports and better practice guidance.
- Special investigations and management requests, where required.

Accordingly, it is not practical nor necessary for Internal Audit to review all business processes, systems and functions within a single planning cycle. Audit coverage is therefore prioritised based on:

- Risks.
- Legislative and regulatory obligations.
- Changes to systems or business processes.
- Previous audit outcomes.
- Management concerns and emerging risks.
- Audit, Risk and Improvement Committee priorities.

Where specialist expertise is required, or where circumstances warrant additional assurance activity, the Shire may consider engaging external resources subject to budget availability and approval.

Internal Audit activities may be reprioritised during the year in response to emerging risks, legislative changes, significant organisational projects, control failures, suspected misconduct matters or requests from the Chief Executive Officer or ARIC.

Internal Audit and Assurance Principles

The Internal Audit function will be guided by the following principles:

Shire of Dardanup

Independence and Objectivity

Internal Audit will perform its activities impartially and independently, providing unbiased assessments of governance, risk management, internal controls and compliance activities.

Risk-Based Focus

Audit resources will be directed towards areas of greatest risk, significance and assurance need, taking into account the Shire's strategic objectives, legislative obligations and emerging risks.

Value-Added Assurance

Internal Audit will seek to provide practical recommendations that strengthen governance, improve operational effectiveness, enhance compliance and support continuous improvement.

Accountability and Transparency

Audit activities, findings and recommendations will be communicated clearly and reported through appropriate governance channels.

Collaboration and Respect

Internal Audit will work constructively with management and employees to understand business processes, identify improvement opportunities and support positive organisational outcomes.

Continuous Improvement

Internal Audit will assess evolving risks, emerging better practices, Auditor General findings and lessons learned to continually improve the effectiveness of the Shire's control environment.

Efficient Use of Resources

Internal Audit activities will be planned and prioritised to maximise assurance coverage and organisational value while making effective use of available resources.

Methodology

Internal Audit adopts a **risk-based methodology**. The planning at both the functional and engagement levels is based on the risk assessment performed to ensure that it is appropriate to the size, functions and risk profile of the Shire.

In order to provide optimal audit coverage to the Shire and minimise duplication of assurance effort, due consideration is given to the following aspects:

- key Shire business risks.
- any key risks or control concerns identified by management.

- assurance gaps and emerging needs; and
- scope of work of other assurance providers, internal and external.

Internal Audit maintains an open relationship with the external auditor and other assurance providers.

Internal Audit Activities Overview

The Internal Audit function provides a balanced program of assurance, advisory and governance support activities that contribute to the achievement of the Shire's strategic objectives and strengthen organisational governance, risk management, internal controls and compliance.

Given the breadth of the Shire's operations and the available audit resources, Internal Audit adopts a risk-based approach to ensuring audit effort is directed towards areas of greatest organisational significance and assurance need. Activities are designed to provide both independent assurance and practical recommendations that support continual improvement across the organisation.

Internal Audit activities generally fall within the following categories:

Assurance Activities

Assurance activities involve the independent assessment of governance arrangements, risk management practices, internal controls, financial management processes and legislative compliance obligations. These reviews provide assurance regarding the effectiveness of controls and identify opportunities to strengthen accountability, transparency and operational performance.

Assurance activities may include:

- Financial and transactional control reviews.
- Legislative and regulatory compliance reviews.
- Governance and policy compliance assessments.
- Fraud and corruption control reviews.
- Information management and cybersecurity-related reviews.
- Operational and process effectiveness reviews.
- Follow-up reviews of agreed audit actions and recommendations.

Advisory Activities

Advisory activities are undertaken at the request of the Chief Executive Officer and / or Executive Management to provide independent advice and guidance on governance, risk management, compliance and internal control matters. These activities are intended to support informed decision-making and continuous improvement.

Advisory activities may include:

- Review of proposed policies, systems or business processes.
- Governance, risk and compliance advice.
- Participation in project working groups or steering committees in an advisory capacity.
- Input into control design and risk mitigation strategies.
- Review of emerging risks and better practice guidance.

Governance and Audit Support Activities

Internal Audit also undertakes a range of activities that support the Shire's broader assurance framework, including:

- Development and maintenance of the Internal Audit Strategic Plan and Annual Internal Audit Work Plan.
- Monitoring implementation of audit recommendations.
- Liaison with external audit providers.
- Support to the Audit, Risk and Improvement Committee.
- Consideration of Auditor General reports and better practice guidance.
- Special reviews or investigations as approved by the CEO and / or Executive Management.

The balance between assurance, advisory and governance support activities will vary from year to year in response to the Shire's risk profile, organisational priorities, legislative obligations and available resources. This approach ensures Internal Audit remains responsive, focused on value-adding activities and aligned with the evolving assurance needs of the organisation.

Internal Audit Coverage Prioritisation

Internal Audit adopts a risk-based approach to determining audit coverage. The purpose of this approach is to ensure that available audit resources are directed towards areas of greatest organisational risk, legislative obligation, governance significance and assurance need. Given the breadth of the Shire's operations and finite audit resources, not all functions, systems and processes can be reviewed within a single planning cycle. Accordingly, audit activities are prioritised to maximise the value of assurance provided to Council, the CEO, Executive Management and the Audit, Risk and Improvement Committee.

When determining annual audit priorities, consideration is given to:

- Operational risks identified through the Shire’s Risk Register.
- Legislative and regulatory compliance obligations.
- Financial materiality and exposure.

- Findings and recommendations from previous audits.
- Auditor General reports, better practice guides and sector-wide issues.
- Significant organisational change, new systems or major projects.
- Fraud and corruption risk exposure.
- Management concerns and emerging risks.
- Requests from the CEO, Executive Management or Audit, Risk and Improvement Committee.
- Areas that have not been independently reviewed within a reasonable timeframe.

Audit coverage is generally prioritised in the following order:

Priority 1: Statutory and Mandatory Assurance

Activities required to meet legislative, regulatory, financial reporting or governance obligations, including:

- Grant acquittal audits.
- External audit support and follow-up activities.
- Legislative compliance reviews.
- Implementation monitoring of significant audit recommendations.

Priority 2: High Risk Areas

Reviews of activities, systems or processes where there is significant exposure to:

- Financial loss.
- Regulatory non-compliance.
- Fraud or misconduct.
- Reputational damage.
- Service delivery disruption.

Priority 3: Strategic and Organisational Improvement Reviews

Reviews that assess the effectiveness, efficiency and economy of organisational processes, systems and controls, including cross-functional and whole-of-Shire reviews.

Priority 4: Advisory and Preventative Activities

Provision of governance, risk, control and compliance advice during the development of new projects, systems, processes and initiatives to reduce the likelihood of future control weaknesses.

The Annual Internal Audit Work Plan remains flexible and may be adjusted throughout the year in response to emerging risks, legislative changes, organisational priorities, significant incidents,

suspected misconduct matters, or requests from management and the Audit, Risk and Improvement Committee.

Internal Audit Objectives

The objective of the Internal Audit function is to provide independent, objective and risk-based assurance and advisory services that support effective governance, risk management, internal control and legislative compliance across the Shire.

Internal Audit seeks to:

- Provide assurance to Council, the Chief Executive Officer, Executive Management and the Audit, Risk and Improvement Committee regarding the effectiveness of the Shire's governance, risk management and internal control frameworks.
- Evaluate compliance with applicable legislation, regulations, policies, procedures and other governance requirements.
- Identify opportunities to strengthen controls, improve operational efficiency and enhance organisational effectiveness.
- Promote accountability, transparency and continuous improvement throughout the organisation.
- Provide practical recommendations that assist management to address risks and improve business processes.

The objectives, scope and level of assurance for each audit engagement will be determined having regard to the relevant risks, legislative obligations and organisational priorities. Audit planning will be undertaken in consultation with the Chief Executive Officer and / or Director Corporate & Governance.

Roles and Responsibilities

The Internal Audit program is delivered by the Corporate Excellence & Compliance Officer, under the direction of the Chief Executive Officer with support from other Shire officers as required. Internal Audit is responsible for delivering assurance and advisory activities in accordance with this Internal Audit Strategic Plan and the approved Annual Internal Audit Work Plan.

Internal Audit is responsible for:

- Developing and maintaining the Internal Audit Strategic Plan and Annual Internal Audit Work Plan.
- Conducting risk-based assurance and review activities across the organisation.
- Assessing the effectiveness of governance, risk management, internal controls and compliance processes.

- Reporting audit outcomes, findings, recommendations and observations to Executive Management, and the Audit, Risk and Improvement Committee as appropriate.
- Monitoring and reporting on the implementation of agreed audit recommendations.
- Providing independent and objective advice on matters relating to governance, risk, compliance and internal controls, where requested.
- Monitoring relevant Auditor General reports, better practice guidance and emerging issues affecting the local government sector.

To enable Internal Audit activities to be undertaken effectively, Internal Audit will have timely access to records, systems, information, property and personnel relevant to the conduct of an audit engagement, subject to any legislative, privacy or confidential requirements.

Management is responsible for maintaining effective systems of governance, risk management, internal control and compliance, and for implementing agreed actions arising from audit findings within agreed timeframes.

The Internal Audit Strategic Plan and Annual Internal Audit Work Plan will be reviewed annually and may be amended during the year to respond to emerging risks, legislative changes, significant organisational projects, control weaknesses, suspected misconduct matters, or requests from the Chief Executive Officer or the Audit, Risk and Improvement Committee.

At the conclusion of each internal audit engagement, a report will be provided to the Chief Executive Officer detailing the scope of the review, audit methodology, key findings, observations, conclusions and any recommendations for improvement. Management responses and agreed actions will be documented and monitored by Internal Audit, with the status of outstanding recommendations reported to the Chief Executive Officer.

Auditor General Reports and Better Practice Guidance

The Office of the Auditor General (OAG) provides an important source of independent assurance, sector insights and better practice guidance relevant to local government operations. Auditor General performance audit reports, financial audit findings and related publications identify common risks, control weaknesses, governance issues and opportunities for improvement across the public sector.

Internal Audit will monitor and consider relevant Auditor General reports, better practice guides and audit findings when developing the Internal Audit Strategic Plan and Annual Internal Audit Work Plan. Consideration will be given to the applicability of identified risks, recommendations and lessons learned to the Shire's operations, systems and processes.

Where appropriate, Internal Audit may undertake targeted reviews or self-assessments against Auditor General findings and better practice recommendations to provide assurance that relevant controls are operating effectively and that opportunities for improvement have been identified and addressed.

The outcomes of relevant reviews may be reported to the Chief Executive Officer, Executive Management and the Audit, Risk and Improvement Committee to support informed decision-making, continuous improvement and effective governance.

This approach assists the Shire to:

- Strengthen governance, risk management and internal control frameworks.
- Identify emerging risks and sector-wide issues.
- Benchmark practices against recognised public sector standards.
- Promote continuous improvement and organisational learning.
- Enhance assurance provided to Council and the Audit, Risk and Improvement Committee.

Shire of Dardanup

Annual Internal Audit Work Plan 2026-2027

AUDIT AREA	AUDIT TYPE	RISK RATING	PROPOSED TIMING	AUDIT OBJECTIVE
Privacy and Personal Information Management Review (Eaton Recreation Centre	Governance & Compliance	High	Q1	Assess whether personal information collected, stored, used and disclosed by the Shire, with a focus on Eaton Recreation Centre membership records, is managed in accordance with the Privacy and Responsible Information Sharing requirements and accepted information security practices.
Sundry Fuel Card Controls (Jerry Can Fuel Purchases)	Financial & Compliance Assurance	High	Q2	Assess the adequacy of controls over the use of sundry fuel cards, including authorisation, reconciliation, accountability, monitoring and fuel usage recording processes.
Public Access to Information	Governance & Compliance	High	Q2	Assess compliance with legislative public access to information requirements, including website publication obligations, statutory registers, council documents, policies and public inspection requirements.
User Access Management and Segregation of Duties Review	Governance, ICT & Internal Control Assurance	High	Q3	Assess whether user access, privileged access, segregation of duties, payroll Masterfile controls, and periodic access review processes across core business systems are operating effectively and in accordance with the least-privilege principle.
2026 Governance Health Review Implementation Review	Governance & Assurance	Moderate	Q4	Assess the implementation and effectiveness of actions arising from the 2026 Governance Health Review and determine whether identified governance improvements have been embedded within the organisation and are operating as intended.
Gift Register and Gift Disclosure Compliance Review	Governance & Integrity Assurance	High	Q4	Assess compliance with legislative and policy requirements relating to gift disclosures and determine whether gift registers are complete, accurate, current and appropriately maintained to support transparency, accountability and public confidence.

Detailed scopes, audit criteria, testing methodologies and sampling approaches will be developed prior to the commencement of each audit engagement. Audit scopes may be adjusted to reflect emerging risks, legislative changes, organisational priorities and matters identified during preliminary planning. The Annual Internal Audit Work Plan remains flexible and may be amended, subject to approval by the Chief Executive Officer with any material amendments reported and considered by the Audit, Risk and Improvement Committee.

RISK ASSESSMENT TOOL

AGENDA TITLE: *2026/27-2029/30 Internal Audit Strategic Plan*

RISK THEME PROFILE:

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)
8 - Errors, Omissions and Delays
9 - External Theft and Fraud (including Cyber Crime)

RISK ASSESSMENT CONTEXT: Strategic

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATEMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	Failure to maintain an effective internal audit function may reduce the Shire's ability to identify and address financial control deficiencies, increasing exposure to financial loss, inefficient use of resources and adverse audit outcomes.	Major (4)	Possible (3)	High (12 - 19)	Implement the Internal Audit Strategic Plan and Annual Internal Audit Work Plan, undertake risk-based assurance reviews, monitor audit recommendations and report outcomes through established governance processes including the Audit, Risk and Improvement Committee.	Major (4)	Unlikely (2)	Moderate (5 - 11)
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Failure to maintain an appropriate internal audit and assurance framework that supports compliance with legislative and regulatory obligations.	Major (4)	Possible (3)	High (12 - 19)	Implement the Internal Audit Strategic Plan and Annual Internal Audit Work Plan, undertake periodic governance and compliance reviews, monitor audit recommendations and maintain independent reporting arrangements to support compliance with relevant legislative requirements.	Major (4)	Unlikely (2)	Moderate (5 - 11)
REPUTATIONAL	Inadequate assurance activities may result in governance or compliance issues remaining unidentified, potentially affecting stakeholder confidence	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATEMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
	in the Shire's governance framework.							
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
PROPERTY	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

FOR ADOPTION

(Appendix ARIC: 10.6A)

Risk Management Governance Framework

September 2026

Shire of Dardanup

FOR ADOPTION

(Appendix ARIC: 10.6A)

Document Control	

Document ID: Risk Management Governance Framework

Rev No	Date	Revision Details	Author	Approver	Adopted
1.0	1/09/2017	Original Framework created and adopted	LGIS / Phil Anastasakis	Phil Anastasakis	15/09/2017
2.0	30/06/2019	Framework revised in conjunction with LGIS workshop	LGIS / Cindy Barbetti	Phil Anastasakis	14/08/2019 OCM Res 250-19
3.0	20/03/2023	Framework updated in conjunction with LGIS	LGIS / Cindy Barbetti	Phil Anastasakis	28/06/2023 OCM Res 168-23
	30/05/2023	Framework reviewed and endorsed by EMT			
4.0	02/06/2026	Risk Workshop held with Marsh Advisory and Framework updated in conjunction with LGOS	LGIS / Cindy Barbetti	EMT	23/09/2026 OCM Res XX-26
	23/07/2026	Framework reviewed and endorsed by EMT			
	09/11/2026	Framework reviewed and recommended to Council		ARIC	

For Review: September 2029

FOR ADOPTION

(Appendix ARIC: 10.6A)

Shire of Dardanup

CONTENTS

INTRODUCTION

The Shire of Dardanup's Risk Management Policy (AP023) together with the components of this document, forms the Shire's Risk Management Governance Framework.

It sets out the 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.

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.
- Uncertainty and its effects on objectives are understood.

This framework aims to balance a documented, structured, and systematic process with the Shire's current size, resource availability and complexity.

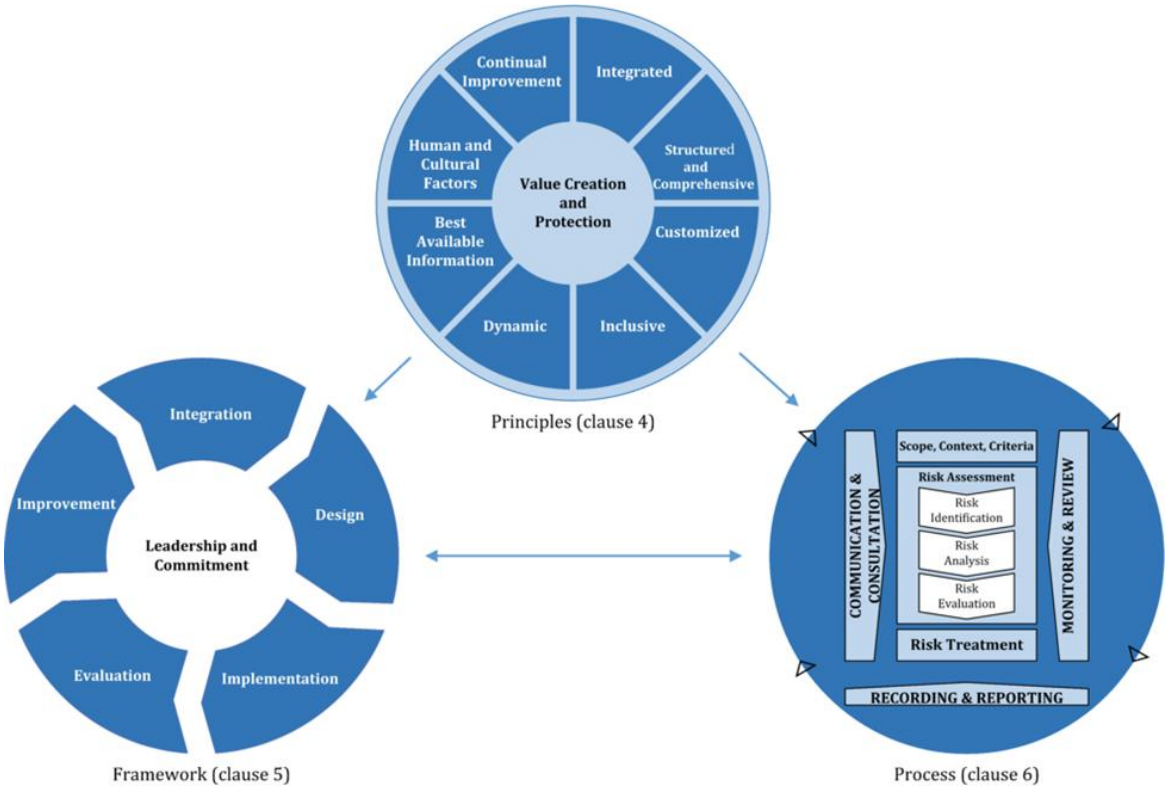


Figure 1: Relationship between the risk management principles, framework, and process (Source: ISO 31000:2018)

Shire of Dardanup

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.
- An effective governance structure to support the risk framework.

Framework Review

The Risk Management Governance Framework is to be reviewed for appropriateness and effectiveness at least once in every three years, or sooner if there has been material restructure or change in the risk and control environment.

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, our Council, Executive, and other stakeholders will have assurance that risks are managed effectively to support delivery of the Shire's Strategic and Operational Plans.

First Line of Defence

All operational areas of the Council 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:

- Establish and implement appropriate processes and controls for the management of risk in line with these procedures.
- Undertake adequate analysis to support the risk decision-making process.
- Retain primary accountability for the ongoing management of their risk and control environment.

Second Line of Defence

The Shire's Risk Framework Owner (Corporate Excellence & Compliance Officer) 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.

The Shire's Executive Management Team (EMT) supplement the 2nd Line of defence.

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. Additional responsibilities include:

- Providing independent oversight of risk matters as required.
- Monitoring and reporting on emerging risks.

- Co-ordinating the Shire's risk reporting for the Executive Management Team and the Audit, Risk and Improvement Committee.

- Performing control assurance activities across the Shire's key processes as required.

Third Line of Defence

Internal and External Audit are the **'3rd Line'** of defence, providing independent assurance to Council, the Audit, Risk and Improvement Committee and the Executive 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 which would be determined by the CEO with input from the Audit, Risk and Improvement Committee.

External Audit Appointed by the Office of the Auditor General (OAG).

Governance Structure

The following diagram depicts the current operating structure for risk management within the Shire.

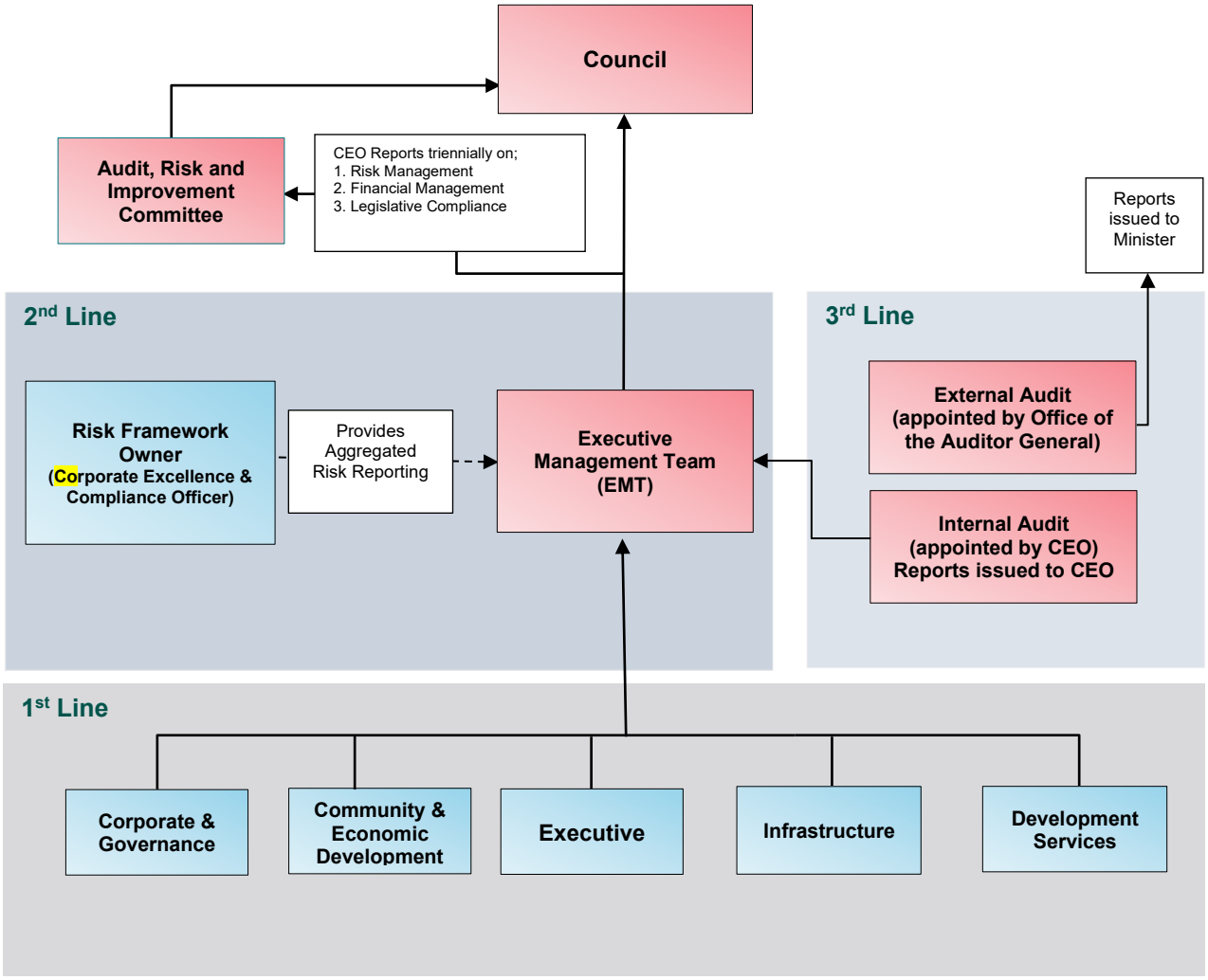


Figure 2: Three Lines of Defence Operating Model

Shire of Dardanup

Roles and Responsibilities

Council

- Review and approve the Shire of Dardanup's Risk Management Governance Framework.
- Receive and consider the annual audited financial statements and audit reports in accordance with legislative requirements.
- Establish and maintain an Audit, Risk and Improvement Committee in terms of the *Local Government Act 1995*.

Audit, Risk and Improvement Committee

- Regular review of the appropriateness and effectiveness of the Framework.
- Support Council to provide effective corporate governance.
- Oversight of all matters that relate to the conduct of External Audits.
- Must be independent, objective, and autonomous in deliberations.

CEO / Executive Management Team

- Appoint Internal Auditor(s) as required under *Local Government (Audit) Regulations 1996*.
- Liaise with Council in relation to risk acceptance requirements.
- Approve and review the appropriateness and effectiveness of AP023 Risk Management Policy and the Risk Management Governance Framework.
- Drive consistent embedding of a risk management culture.
- Analyse and discuss emerging risks, issues, and trends.
- Document decisions and actions arising from risk-related matters.
- Own and manage strategic and operational risk.

Corporate Excellence & Compliance Officer

- Oversee and facilitate the Risk Management Governance Framework.
- Support reporting requirements for risk-related matters.

Work Areas

- Drive risk management culture within work areas.
- Own, manage, and report on specific risk issues as required.
- Assist in the risk and control management process as required.
- Highlight any emerging risks or issues accordingly.
- Incorporate risk management into meetings, by discussing:
    - Any new or emerging risks.
    - Review existing risks.

- Control adequacy.
- Any outstanding issues and actions.

Document Structure (Framework)

The following diagram depicts the relationship between the risk management policy, framework and supporting documentation and reports.

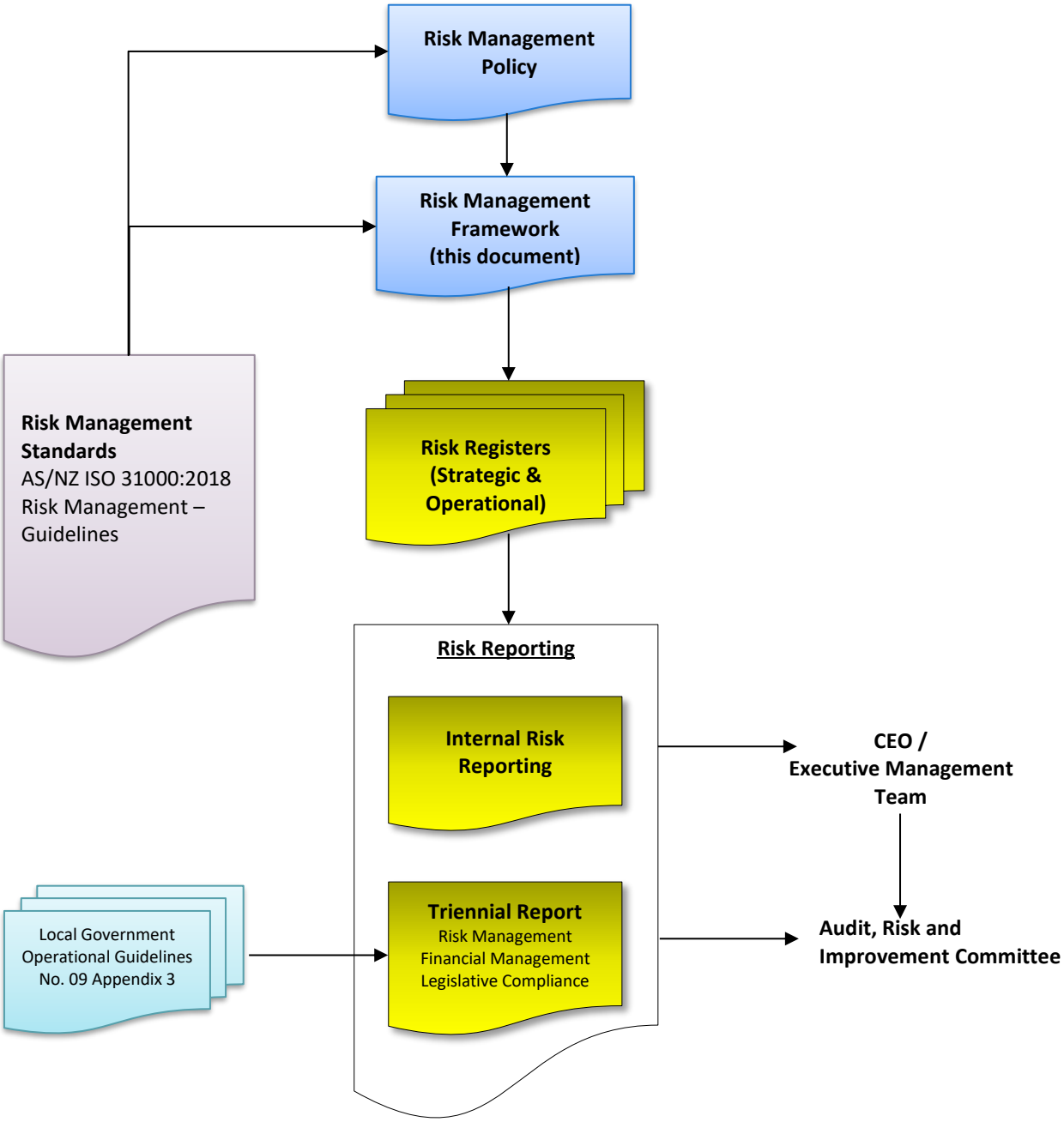


Figure 3: Document Structure

RISK MANAGEMENT PROCEDURES

All work areas of the Shire are required to assess and manage their risk on an ongoing basis.

In general, risks need to be:

- Reflective of the Shire's material risk landscape.
- Reviewed regularly so that they remain current.
- Maintained in the standard format.

The risk management process is standardised across all areas of the Shire. The following diagram outlines that process, followed by broad descriptions of each step from A to H.

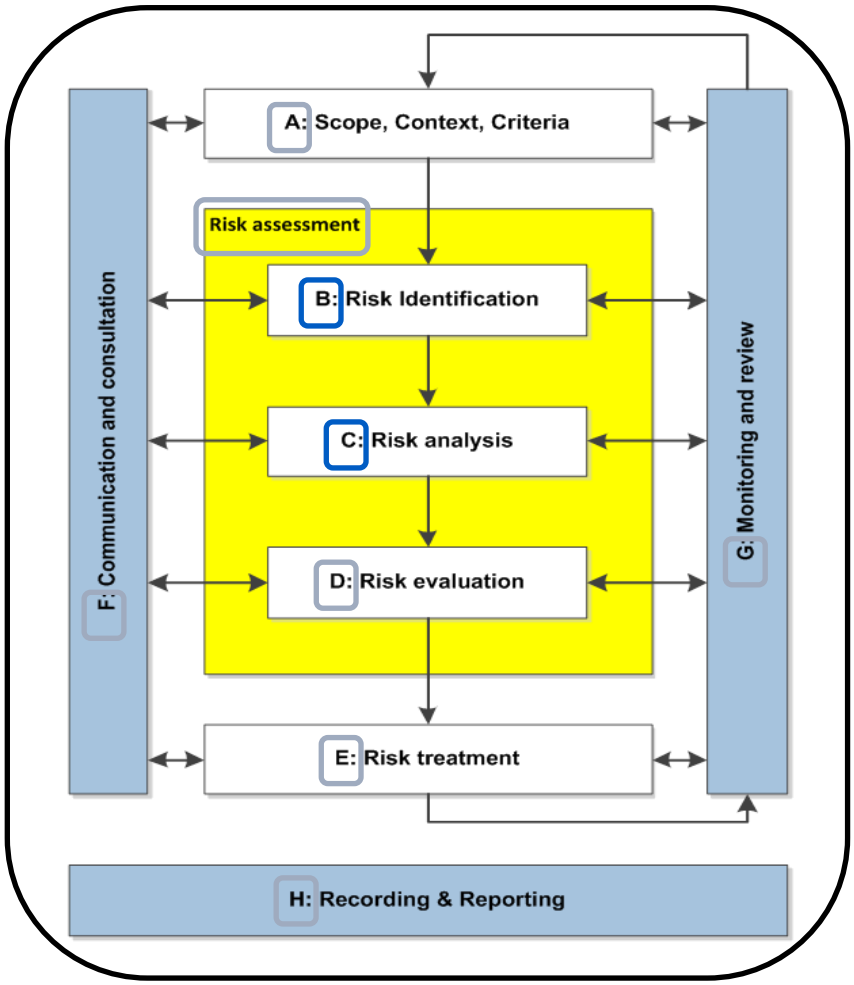


Figure 4: Risk Management Process – Source ISO 31000:2018

A: Scope, Context, Criteria

The first step in the risk management process is to understand the background within which risks are to be assessed and what is being assessed, whether that be an object, activity, project, division or the whole organisation. This forms two elements: 'Organisational Criteria' and 'Scope and Context':

Organisational Criteria

This includes what the organisation is trying to achieve and the Risk Assessment and Acceptance Criteria (Appendix A).

All risk assessments are to utilise these Risk Criteria to allow consistent and comparable risk information.

Scope and Context

In addition to understanding what is to be assessed, it is also important to understand the source of the risk (internal or external to the organisation) and who the key stakeholders are or areas of expertise that may need to be included in the risk assessment.

Since risk is defined as *the effect of uncertainty on objectives* (AS/NZS ISO 31000), the Shire has three levels of risk assessment Context:

1. Strategic Context

These risks are associated with **achieving the organisation's long-term objectives** and may include:

- Organisational Values and Vision
- Stakeholder Analysis / Environment Scan / SWOT Analysis
- Strategies / Objectives / Goals

The Executive Management Team own and manage these risks.

2. Operational Context

These risks are associated with **achieving the Shire's day-to-day business objectives**, activities, functions, and services.

Prior to identifying operational risks, the operational area should identify its business objectives i.e., what it is aiming to achieve?

The Executive Management Team delegate responsibility for the management of these risks to the Management Team, however, remain the owners of these risks.

3. Project Context

These risks are associated with **achieving the Shire's change initiatives.** Project Risk has two main components:

- **Indirect** refers to the strategic or operational risks to the Shire that may arise **because** of the Project.
- **Direct** refers to the risks that threaten delivery of **actual project outcomes.**

These risks are generally managed by the Project Manager and owned by the Executive.

B: Risk Identification

Note that Risk identification is the first step of a three-part 'Risk Assessment', consisting of Risk Identification, Risk Analysis and Risk Evaluation.

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: Risk Event sequence

The objective of the 'Risk Identification' step is to identify potential risks that could stop the Shire from achieving its objectives. This step is also where opportunities for enhancement or gain across the organisation can be found.

In conjunction with relevant stakeholders and subject matter experts, ask the questions listed below.

These questions should be used only as a guide to identifying risks and additional analysis may be required. Ask:

- What can go wrong? / What are areas of uncertainty? **(a: Risk Description)**
- How could this risk occur? **(b: Potential Causes)**
- What are the current measurable activities that mitigate this risk from occurring? **(c: Controls)**
- What are the potential consequential outcomes of the risk occurring? **(d: Consequences)**

a. **Risk Description** – describes what the risk is and specifically where control may be lost. They are not to be confused with the outcomes or the consequences of a risk event.

b. **Potential Causes** – are the conditions that may present or the failures that may give rise to a point in time when control is lost.

c. **Controls** – are measures that modify risk. Controls must meet the following three tests to be considered as controls:

1. Is it a physical object, technological system or human action.
2. It arrests or mitigates an unwanted sequence.
3. It is specifiable, measurable, and auditable.

See below:

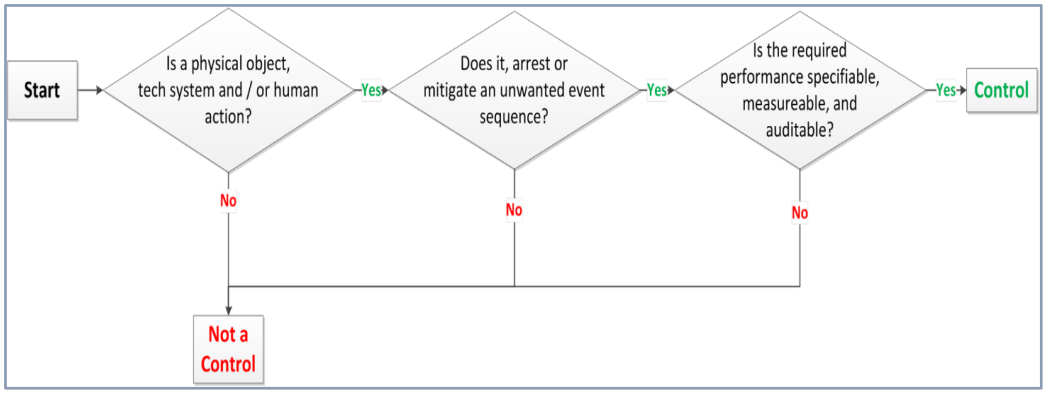


Figure 6: Test for Control Considerations

d. Consequences – these need to be impacts to the Shire and could be health of staff, visitors, or contractors; financial consequences; interruption to services; non-compliance; or damage to reputation, assets or the environment.

C: Risk Analysis

There are two steps to a Risk Analysis; determine the effectiveness of key controls; and calculate the residual risk rating.

Risk analysis gives the ability to prioritise and compare risks and drive risk-based decision making.

The main outcome of a risk analysis is the ranking of risk from 'Low' to 'Extreme'.

This is determined by considering the **likelihood** that a risk event will occur and the **consequences** of it occurring, taking into account any Controls that are in place, and how effective these Controls are.

Controls fit into three distinct types:

- **Preventative Controls** - are aimed at preventing the risk occurring in the first place.
- **Detective Controls** - are used to identify failures in preventative controls. They include: audits, stocktakes, and reviews.
- **Corrective (or Reducing) Controls** - are aimed at minimising the consequences that arise from the risk event.

Step 1 - Consider the effectiveness of Key Controls.

Design Effectiveness

Controls that have inadequate designs will never be effective, even if performed perfectly by the operator every time. Consider:

- **Complete** – The Control is not forgotten or completed multiple times.
- **Accurate** – The Control has no errors or missing components.
- **Timely** – The Control allows the process to be completed within service delivery standards.
- **Theft or Fraud** – The Control does not expose the organisation to theft or other fraudulent activities.

It is difficult to have a single Control that meets all these requirements. It is therefore important to consider multiple Controls to ensure all of these components can be met.

Operating Effectiveness

The best-designed Controls will have no impact if they are not applied correctly by the operator.

Confirm operating effectiveness by:

- **Re-perform** – re-perform the same task, to ensure that the same outcome is achieved.
- **Inspect** – review the outcome of the task to confirm that the desired outcome was achieved.
- **Observe** – physically watch the task or process being performed.
- **Inquire** – determine understanding of the tasks and how they mitigate risk.

Overall Effectiveness

This is the value of the combined controls in mitigating the risk.

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

Step 2 – Calculate the Residual Risk Rating.

The Shire's Risk Assessment and Acceptance Criteria (Appendix A) is now applied to complete the analysis of the identified risks.

There are three components to this step:

1. Make a qualitative judgement of the worst scenario that is foreseeable if the risk were to eventuate without existing Controls in place. **(Consequence)**
2. Determine how likely it is that the worst scenario that is foreseeable will eventuate with existing Controls in place. **(Likelihood)**

Using the Shire's Risk Matrixes, multiply the measures of consequence and likelihood to determine the risk rating. **(Consequence X Likelihood = Risk Rating)**

D: Risk Evaluation

The risk evaluation takes the Risk Rating and applies it to the Shire's Risk Acceptance Criteria to determine whether the risk is within acceptable levels for the Shire.

This evaluation will determine whether the risk is Low, Moderate, High or Exteme.

It will also determine if any actions or treatments need to be implemented or the risk escalated due to urgency or level of risk.

End of Risk Assessment

E: Risk Treatment

Where Controls are inadequate or do not reduce a risk level sufficiently to fall within appetite, a treatment option must be implemented to further mitigate the risk.

- Regardless of the risk rating **Controls rated 'Inadequate'** must have a treatment plan (action plan) to improve the control effectiveness to at least 'Adequate'.
- If the Risk Rating is High or Extreme, a Treatment Plan must be implemented to either reduce the consequence of the risk materialising or reduce the likelihood of occurrence.

Where this is not possible, a Treatment Plan must be implemented to improve the control effectiveness to 'Effective' and approval to accept the risk obtained as per the Risk Acceptance Criteria.

There are four broad Treatment options available:

1. **Avoid:** avoid the activity or event that would give risk to the risk.
2. **Treat (Mitigate):** implement new Controls or improve existing Controls to reduce the likelihood and/or consequence of the risk.
3. **Transfer/Share:** transfer or share the risk with another party, generally through insurance, contractual arrangements or partnership agreements.
4. **Accept:** accept the risk where is falls within the Shire's risk appetite or where further treatment is not reasonably practicable. Acceptance of risks outside appetite must be approved in accordance with the Risk Acceptance Criteria.

Risk Acceptance

Risk Acceptance is a decision to accept (within authority levels), risks that fall within the Shire's risk appetite.

For those risks that remain outside of appetite, the following process must be followed;

The 'Risk Acceptance' must be in writing, signed by the relevant Manager, copied to the CEO, and include:

- A description of the risk and the reasons for holding a risk outside of appetite.
- An assessment of the risk (consequence, materiality, likelihood, assumptions, etc).
- Details of any mitigating action plans or treatment options in place.
- An estimate of the expected remediation date.

A lack of budget or funding for a material risk outside of appetite is not sufficient justification for acceptance of a risk.

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 were made and why particular Treatment options were selected.

Communicating and consulting with relevant stakeholders assists in the reduction of components of uncertainty and 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.

Regular review of the effectiveness and efficiency of Controls and the appropriateness of Treatment options will determine if the organisation's resources are being put to the best use possible.

Risk Review Frequency

To ensure risk remain current and appropriately managed, risks are to be reviewed in accordance with the following minimum reporting requirements:

Residual Risk Rating	Review Frequency	Responsibility
Extreme	Monthly or as circumstances change	CEO / EMT
High	Quarterly	Director / Manager
Moderate	Six Monthly	Manager / Supervisor
Low	Annually	Risk Owner

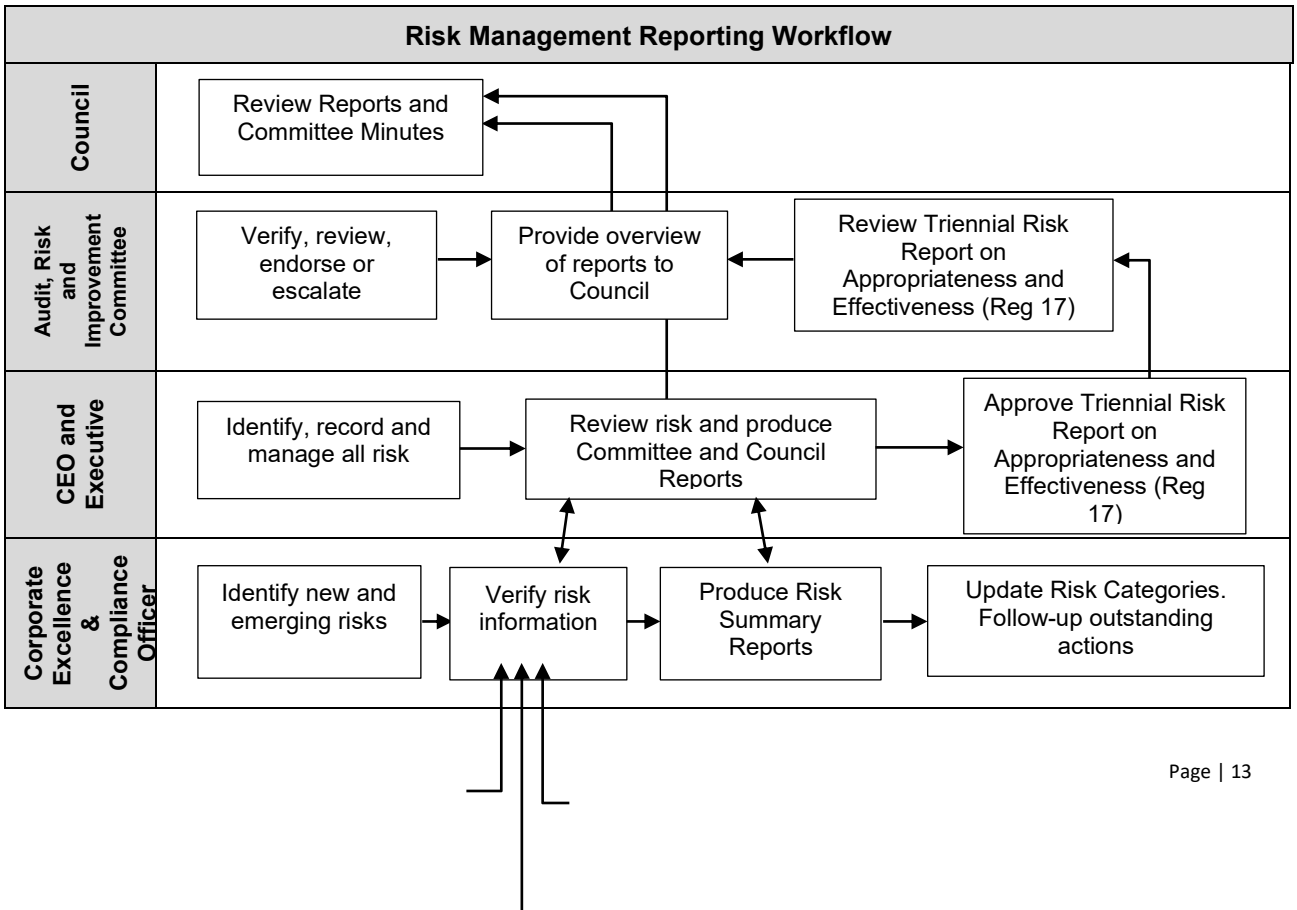
Risk reviews should consider:

- Control effectiveness.
- Progress of treatment actions.
- Changes to likelihood or consequence.
- Emerging risks.
- Changes in legislation, service delivery or operating environment.
- Whether escalation or reporting requirements have changed.

During the reporting process, management are required to review any risks and Controls in their area and follow up on any outstanding treatments to mitigate those risks.

H: Recording and Reporting

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



Work Areas	Identify, record and manage Operational risk	Provide updates on: 1. New / emerging risks
Project Manager	Identify, record and manage Project risks	

Project Manager

- Ensure risk management activities are integrated into project planning, procurement, contract management and project governance processes.
- Identify, record and manage project specific risks and opportunities throughout the project life cycle.
- Continually provide updates in relation to new, emerging risks, control effectiveness and key indicator performance to the Corporate Excellence & Compliance Officer.

Work Areas

- Continually provide updates in relation to new, emerging risks, control effectiveness and key indicator performance to the Corporate Excellence & Compliance Officer.
- Work through assigned actions and provide relevant updates to the Corporate Excellence & Compliance Officer.
- Risks / Issues reported to the CEO and the Executive Management Team are reflective of the current risk and control environment.

Corporate Excellence & Compliance Officer

- Ensuring the Risk Management Governance Framework and the Risk Profiles are formally reviewed and updated, at least on a 3-year rotation or earlier when there has been a material restructure, change in risk ownership or change in the external environment.
- Six monthly Risk Dashboard Reporting for the CEO and the Executive Management Team – contains an overview of the Risk Summary for the Council through the Audit, Risk and Improvement Committee.
- Ensuring the Annual Compliance Audit Return completion and lodgement by the 31 March each year by the Manager Governance.

Director Corporate & Governance

- Ensuring the Regulation 17 triennial review on the appropriateness and effectiveness of the Council's systems and procedures in relation to risk management, financial management and legislative compliance is undertaken. The CEO is to report to the Audit, Risk and Improvement Committee the results of that review,

- Reviews the proposed changes to the Risk Management Governance Framework and the Risk Profiles, as part of the 3-year review process, prior to acceptance by EMT.

CEO/Executive Management Team

- Approves the six-Monthly Risk Dashboard Report, together with any new or emerging risks, and key indicator performances.
- Approves changes to the Risk Management Governance Framework and the Risk Profiles, as part of the 3-year review process, prior to acceptance by Council.

Audit, Risk and Improvement Committee

- Responsible for reviewing reports from the CEO on the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, financial management and legislative compliance (Regulation 17). The committee will report to Council the results of that review including a copy of the Chief Executive Officer's report.
- Receive the six-monthly Risk Dashboard Report and report to Council the results of that report.
- Receive the updated Risk Management Governance Framework and recommend for Council approval.

RISK PROFILES

Operational Risks

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

RISK PROFILE	RISK DESCRIPTION
1. Asset Sustainability	Failure or reduction in service of infrastructure assets, plant, equipment, or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets during their lifecycle from procurement to disposal.
2. Business and Community Disruption	Failure to adequately prepare and respond to events that cause disruption to the local community and / or normal business activities. This could be a natural disaster, weather event, or an act carried out by an external party (e.g. sabotage / terrorism) and/or pandemic.
3. Compliance	Failure to correctly identify, interpret, assess, respond, and communicate laws and regulations as a result of an inadequate compliance framework. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated internal and public domain legal documentation. It includes (amongst others) the Local Government Act, Planning and Development Act, Health Act, Building Act, Dog Act, Cat Act, Freedom of Information Act, and all other legislative based obligations for Local Government.
4. Document Management Processes	Failure to adequately capture, store, archive, retrieve, provide, or dispose of documentation.
5. Employment Practices	Failure to effectively manage human resources (full-time, part-time, casuals, temporary and volunteers).
6. Community Engagement	Failure to maintain effective working relationships with the Community (including local Media), Stakeholders, Key Private Sector Companies, Government Agencies and Elected Members. This includes activities where communication, feedback or consultation is required and where it is in the best interests to do so.
7. Environment Management	Inadequate prevention, identification, enforcement, and management of environmental issues.

RISK PROFILE	RISK DESCRIPTION
8. Errors, Omissions and Delays	Errors, omissions, or delays in operational activities as a result of unintentional errors or failure to follow due process including incomplete, inadequate or inaccuracies in advisory activities to customers or internal staff.
9. External Theft and Fraud (includes Cyber Crime)	Loss of funds, assets, data, or unauthorised access, (whether attempted or successful) by external parties, through any means (including electronic), for the purposes of fraud, malicious damage or theft.
10. Management of Facilities, Venues, Events and Services	Failure to effectively manage the day-to-day operations of facilities, venues, events, and services.
11. IT, Communications Systems and Infrastructure	Instability, degradation of performance, or other failure of IT or communication system or infrastructure causing the inability to continue business activities and provide services to the community.
12. Misconduct	Intentional activities in excess of authority granted to an employee, which circumvent endorsed policies, procedures, or delegated authority
13. Project / Change Management	Inadequate analysis, design, delivery and reporting of projects / change initiatives, resulting in additional expenses, time delays or scope changes.
14. Purchasing and Supply	Inadequate management of external Suppliers, Contractors, IT Vendors or Consultants engaged for operations. This includes issues that arise from the ongoing supply of services or failures in contract management and monitoring processes.
15. Work Health and Safety (WHS)	Non-compliance with the Workplace Health and Safety Act, associated Regulations and standards. It is also the inability to ensure the physical security requirements of staff, contractors, and visitors.

Appendix A – Risk Assessment and Acceptance Criteria

Shire of Dardanup Measures of Consequence							
Rating (Level)	**Health/People**	**Financial**	**Service Interruption**	**Legal and Compliance**	**Reputational**	**Environment**	**Property**
Insignificant (1)	Near miss Minor first aid injuries	Less than $10,000; or <5%	No material service interruption < 3 hours	**Compliance** - No noticeable regulatory or statutory impact. **Legal** - Threat of litigation requiring small compensation. **Contract** - No effect on contract performance.	Unsubstantiated, low impact, low profile or 'no news' item. **Example:** Gossip, Facebook item seen by limited persons.	Contained, reversible impact managed by on site response.	Inconsequential damage.
Minor (2)	Medical type injuries	$10,001 - $50,000; or 5-10%	Short term temporary interruption – backlog cleared < 1 day	**Compliance** - Some temporary non compliances. **Legal** - Single minor litigation. **Contract** - Results in meeting between two parties in which one party expresses concern.	Un/Substantiated, low impact, low news item. **Example:** Local paper / Industry news article, Facebook item seen by multiple groups.	Contained, reversible impact managed by internal response.	Localised damage rectified by routine internal procedures.
Moderate (3)	Lost time physical or mental injury <30 days / Multiple staff morale problems	$50,001 - $300,000; or 10-25%	Medium term temporary interruption – backlog cleared by additional resources < 1 week	**Compliance** - Short term non-compliance but with significant regulatory requirements imposed. **Legal** - Single moderate litigation or numerous minor litigations. **Contract** - Receive verbal advice that, if breaches continue, a default notice may be issued.	Un/Substantiated, public embarrassment, moderate impact, moderate news profile. **Example:** State-wide paper, TV News story.	Contained, reversible impact managed by internal and external agencies.	Localised damage requiring internal and external resources to rectify.
Major (4)	Long-term physical or mental injury >30 days / Widespread staff morale problems	$300,001 - $1.5 million; or 25-50%	Prolonged interruption of services – additional resources required; performance affected < 1 month	**Compliance** - Non-compliance results in termination of services or imposed penalties. **Legal** - Single major litigation or numerous moderate litigations. **Contract** - Receive/issue written notice threatening termination if not rectified.	Substantiated, public embarrassment, high impact, high news profile, third party actions. **Example:** Australia wide news stories. Regulatory / Political commentary involvement.	Uncontained, reversible impact managed by a coordinated response from external agencies.	Significant and/or widespread damage requiring internal and external resources to rectify.
Catastrophic (5)	Fatality, permanent disability. Shire no longer an employer of choice. Loss of key staff.	More than $1.5 million; or more than 50%	Indeterminate prolonged interruption of services – non-performance > 1 month	**Compliance** - Non-compliance results in litigation, criminal charges or significant damages or penalties. **Legal** - Numerous major litigations. **Contract** - Termination of contract for default.	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions. **Example:** Worldwide news, Focused articles (e.g. 60 minutes). Regulatory / Political oversight and involvement.	Uncontained, irreversible impact.	Extensive damage requiring prolonged period of restitution. Complete loss of plant, equipment and building.

Measures of Likelihood			
Level	**Rating**	**Description**	**Frequency**
5	**Almost Certain**	The event is expected to occur in most circumstances	More than once per year
4	**Likely**	The event will probably occur in most circumstances	At least once per year
3	**Possible**	The event should occur at some time	At least once in 3 years
2	**Unlikely**	The event could occur at some time	At least once in 10 years
1	**Rare**	The event may only occur in exceptional circumstances	Less than once in 15 years

Consequence X Likelihood = Risk Rating

Risk Matrix						
Consequence / **Likelihood**		**Insignificant**	**Minor**	**Moderate**	**Major**	**Catastrophic**
		1	**2**	**3**	**4**	**5**
Almost Certain	**5**	**Moderate (5)**	**Moderate (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)**	**Moderate (10)**
Rare	**1**	**Low (1)**	**Low (2)**	**Low (3)**	**Low (4)**	**Moderate (5)**

Risk Acceptance Criteria				
Risk Rank	**Description**	**Criteria**	**Responsibility**	**Entered on Risk Register**
LOW (1 – 4)	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Staff Member / Supervisor	No
MODERATE (5 – 11)	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Supervisor / Manager	No
HIGH (12 – 19)	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	Manager / Director / EMT	Yes
EXTREME (20 – 25)	Unacceptable	Risk generally not acceptable. Where an Extreme risk cannot be reduced to a lower risk rating despite implementation of all reasonably practicable treatment measures, acceptance must be supported by documented justification, approved by Council, and subject to continuous monitoring and regular review.	EMT / CEO / Council	Yes

Existing Controls Ratings		
Rating	**Foreseeable**	**Description**
Effective	There is no scope for improvement with all available resources.	Controls are operating as intended and aligned with policies and procedures. Controls are documented, up to date, understood by users, not forgotten or components missed, does not expose the organisation to theft or fraud and is delivered consistently within statutory or service delivery standards. Controls are subject to ongoing monitoring. Controls are reviewed and tested regularly.
Adequate	There is some scope for improvement.	Controls are generally operating as intended; however, inadequacies exist. Limited monitoring of controls. Controls are reviewed and tested, but not regularly.

Existing Controls Ratings		
Rating	**Foreseeable**	**Description**
Inadequate	There is a need for improvement or action.	Controls are not operating as intended. Controls do not exist or are not being complied with. Controls have not been reviewed or tested for some time.

Appendix B – Risk Management Policy

POLICY NUMBER & TITLE	AP023 RISK MANAGEMENT
Responsible Directorate	Corporate & Governance Directorate

1. PURPOSE OR OBJECTIVE

The objective of this policy is to state the Shire of Dardanup's intention to identify potential risks before they occur so that impacts can be minimised or opportunities realised; ensuring that the Shire achieves its strategic and corporate objectives efficiently, effectively and within good corporate governance principles.

2. DEFINITIONS

Definitions are taken as those in the *AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines*.

Risk	Effect of uncertainty on objectives. *Note 1: An effect is a deviation from the expected – positive or negative.* *Note 2: Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product, or process).*
Risk Management	Coordinated activities to direct and control an organisation with regard to risk.
Risk Management Process	Systematic application of management policies, procedures, and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring, and reviewing risk.

3. POLICY STATEMENT

It is the Shire's policy to strive to achieve the best practice aligned with AS/NZS ISO 31000:2018 Risk Management Guidelines, in the management of all risks that may affect the Shire meeting its objectives.

Risk management functions will be resourced appropriately to match the size and scale of the Shire's operations, will form part of the strategic, operational, and project responsibilities, and be incorporated within the Shire's Integrated Planning and Reporting Framework.

This policy applies to all Council Members, Employees and Contractors involved in any Shire operations.

Policy Details

The Shire is committed to ensuring that risk management:

- Optimises the achievement of the Shire's values, strategies, goals, and objectives.
- Aligns with and assists the implementation of Shire policies.
- Provides transparent and formal oversight of the risk and control environment enabling effective decision-making.
- Reflects risk versus return considerations within the Shire's risk appetite.
- Embeds appropriate and effective controls to mitigate risk.
- Achieves effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhances organisational resilience.

- Identifies and provides for the continuity of critical operations.

Roles and Responsibilities

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 and the Shire's Risk Management Governance Framework at least triennially, or in response to a material event or change in circumstances.

The Shire's Risk Management Governance Framework outlines in detail all further roles and responsibilities associated with managing risks within the Shire. The Framework also establishes the methodology, assessment criteria and reporting requirements for organisational risk management.

Risk Acceptance and Acceptance Criteria (Risk Tables)

The Shire has quantified its broad risk appetite through the Shire's Risk Assessment and Acceptance Criteria. The criteria are included within the Shire's Risk Management Governance Framework.

All organisational risks are to be identified, assessed, treated and monitored in accordance with the Shire's Risk Management Governance Framework. Risk assessments are to be undertaken using the approved risk assessment methodology, acceptance criteria and reporting requirements contained within the Framework.

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 Executive Management Team and be formally reviewed triennially.

4. DOCUMENT CONTROL

DOCUMENT RESPONSIBILITIES:			
Owner:	Corporate Excellence & Compliance Officer		
Reviewer:	Director Corporate & Governance	Decision Maker:	CEO/EMT
COMPLIANCE REQUIREMENTS:			
Legislation:	*Local Government Act 1995*		
Other (Plans, Strategies, Policies, Procedures, Standards, Promapp, Delegations):	PR036 Risk Assessment and Reporting Australian Standard AS/NZS ISO 310000:2018 – Risk Management – Principles and Guidelines Shire of Dardanup Risk Management Governance Framework Shire of Dardanup Risk Profile Reporting Tool		
DOCUMENT MANAGEMENT:			
Risk Rating:	Moderate	Records Ref:	R0000774456
Review Frequency	Triennial	Next Due:	23-07-2029

Version #	**Date & Decision Reference:**	**Synopsis:**
1	24-07-2013 OCM Res: 240/13	EXEC42 Council Policy Created
2	25-01-2017 OCM Res: 02/17	EXEC42 Superseded
3	25-01-2017 OCM Res: 02/17	AP023 New Admin Policy Document endorsed
4	14-08-2019 OCM Res: 250/19	AP023 Updated as part of the Risk Management Governance Framework
5	30-05-2023 EMT	AP023 Updated as part of the 3 yearly Risk Management Governance Framework review and endorsed by EMT/CEO.

6	23-07-2026 EMT	AP023 Updated as part of the 3 yearly Risk Management Governance Framework review and endorsed by EMT/CEO.

Note: Changes to Compliance Requirements may be made without the need to take the Policy to EMT/CEO for review.

Appendix C – Risk Assessment for Council Reporting Procedure

PROCEDURE NO & TITLE	PR036 RISK ASSESSMENT FOR COUNCIL REPORTING
Responsible Directorate	Corporate & Governance Directorate

1. PURPOSE OR OBJECTIVE

To provide a consistent approach for identifying, assessing and reporting risks associated with decisions made under delegated authority, by committees and by Council.

This procedure supports Administration Policy AP023 Risk Management and is to be applied in conjunction with the Shire's Risk Management Governance Framework.

2. DEFINITIONS

Definitions are taken as those in the *AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines* and the Shire's Risk Management Governance Framework.

3. PROCEDURE

3.1 Risk Assessment Requirements

The Risk Management Governance Framework provides direction for officers in assessing the risks associated with operational, strategic and project decisions.

A Risk Assessment Tool must be completed for all reports submitted to Council and Council Committees.

The Risk Assessment Tool is to be completed in accordance with the Risk Management Governance Framework using the approved risk assessment criteria and methodology.

The completed Risk Assessment Tool is to be attached to the relevant Council or Committee report.

The Risk Assessment section within the report is to provide a summary of the completed assessment, including the identified risks, proposed treatment actions (where applicable) and risk ratings.

3.2 Risk Reporting Tiers

The reporting tier is determined by the highest inherent risk rating identified across all risk events contained within the Risk Assessment Tool.

Tier 1 – No Material Risk Identified

Where no material risk event has been identified, the report should include a statement confirming that a risk assessment has been undertaken and that no material risk has been identified.

The completed Risk Assessment Tool must still be attached to the report.

Tier 2 – Low or Moderate Inherent Risk

Where the highest inherent risk identified is Low or Moderate, the report should summarise:

- the key risk category or categories identified;
- the relevant risk event(s); and
- the inherent and residual risk ratings.

Tier 3 – High or Extreme Inherent Risk

Where the highest inherent risk identified is High or Extreme, the report should summarise:

- the relevant risk event(s);
- the inherent risk rating;
- proposed treatment actions and controls;
- the residual risk rating; and
- any ongoing management or monitoring requirements.

The detailed assessment is to be documented within the Risk Assessment Tool and attached to the report.

3.3 Risk Treatment and Escalation

Where treatment actions are identified through the Risk Assessment Tool, the proposed controls and treatment measures are to be documented within the assessment and summarised within the report.

Where a residual risk remains High or Extreme following the implementation of controls and treatment measures, the risk is to be referred to the relevant Director for consideration for inclusion in the Corporate Risk Register.

Council reports relating to High or Extreme residual risks must clearly identify:

- the residual risk rating;
- proposed treatment actions;
- any ongoing monitoring requirements; and
- the implications of accepting the residual risk.

3.4 Risk Register

Residual risks rated High or Extreme are to be referred to the relevant Director and Executive Management Team for consideration for inclusion in the Corporate Risk Register in accordance with the Risk Management Governance Framework.

The Corporate Risk Register is maintained separately and monitored in accordance with the Framework.

3.5 Responsibilities

Officers

- Complete the Risk Assessment Tool.
- Ensure risks are adequately assessed and documented.
- Attach the completed assessment to the report.
- Summarise the assessment within the Risk Assessment section of the report.

Directors

- Review the adequacy of risk assessments for significant proposals.
- Ensure High and Extreme risks are appropriately escalated.

Executive Management Team

- Monitor significant organisational risks.
- Review risks for inclusion in the Corporate Risk Register.

Chief Executive Officer

- Ensure implementation of Administration Policy AP023 Risk Management.
- Maintain oversight of organisation risk management practices.

4. DOCUMENT CONTROL

DOCUMENT RESPONSIBILITIES:			
Owner:	Corporate Excellence & Compliance Officer		
Reviewer:	Director Corporate & Governance	Decision Maker:	CEO
COMPLIANCE REQUIREMENTS:			
Legislation:	*Local Government Act 1995*		
Other (Plans, Strategies, Policies, Procedures, Standards, Promapp, Delegations):	2019 Risk Management Governance Framework AP023 - Risk Management AS/NZS ISO 31000:2018 – Risk Management – Principles and Guidelines. Shire of Dardanup Risk Profile Reporting Tool		
DOCUMENT MANAGEMENT:			
Risk Rating:	Low	Records Ref:	R0000774596
Review Frequency	Triennial	Next Due:	23-07-2029

Version #	**Date & Decision Reference:**	**Synopsis:**
1	25-01-2017 OCM Res: 02/17	PR036 Procedure endorsed by Council
2	14-08-2019 OCM Res: 250/19	PR036 Procedure reviewed and updated as part of the Risk Management Governance Framework
3	30-05-2023 EMT/CEO	PR036 Procedure reviewed and updated as part of the Risk Management Governance Framework and endorsed by CEO
4	23-07-2026 EMT	PR036 Procedure reviewed and updated as part of the Risk Management Governance Framework and endorsed by EMT. Significant review to make it a Risk Assessment and Council Reporting procedure for decision-making procedure, title change also.

Note: Changes to Compliance Requirements may be made without the need to take the Procedure to EMT/CEO for review.

(Appendix ARIC: 10.6B)

Risk Management Governance Framework

~~May~~ September 2026

Shire of Dardanup

Shire of Dardanup

Document Control	Shire of Dardanup

Document ID: Risk Management Governance Framework

Rev No	Date	Revision Details	Author	Approver	Adopted
1.0	1/09/2017	Original Framework created and adopted	LGIS / Phil Anastasakis	Phil Anastasakis	15/09/2017
2.0	30/06/2019	Framework revised in conjunction with LGIS workshop	LGIS / Cindy Barbetti	Phil Anastasakis	14/08/2019 OCM Res 250-19
3.0	20/03/2023	Framework updated in conjunction with LGIS	LGIS / Cindy Barbetti	Phil Anastasakis	28/06/2023 OCM Res 168-23
	30/05/2023	Framework reviewed and endorsed by EMT			
4.0	02/06/2026	Risk Workshop held with Marsh Advisory and Framework updated in conjunction with LGOS	LGIS / Cindy Barbetti	EMT	23/09/2026 OCM Res XX-26
	23/07/2026	Framework reviewed and endorsed by EMT			
	09/11/2026	Framework reviewed and recommended to Council		ARIC	

For Review: September 2029

Shire of Dardanup

CONTENTS

Shire of Dardanup

INTRODUCTION

The Shire of Dardanup's ~~(Council)~~ Risk Management Policy (AP023) ~~in conjunction~~together with the components of this document, forms ~~encompasses~~ the ~~Council's~~ Shire's Risk Management Governance Framework.

It sets out the ~~Council'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.

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

- Strong corporate governance.
- Compliance with relevant legislation, regulations, and internal policies.
- ~~Integrated planning and reporting requirements are met.~~
- Uncertainty and its effects on objectives are understood.

This framework aims to balance a documented, structured, and systematic process with the Shire's current size, resource availability and complexity ~~of the Council~~.

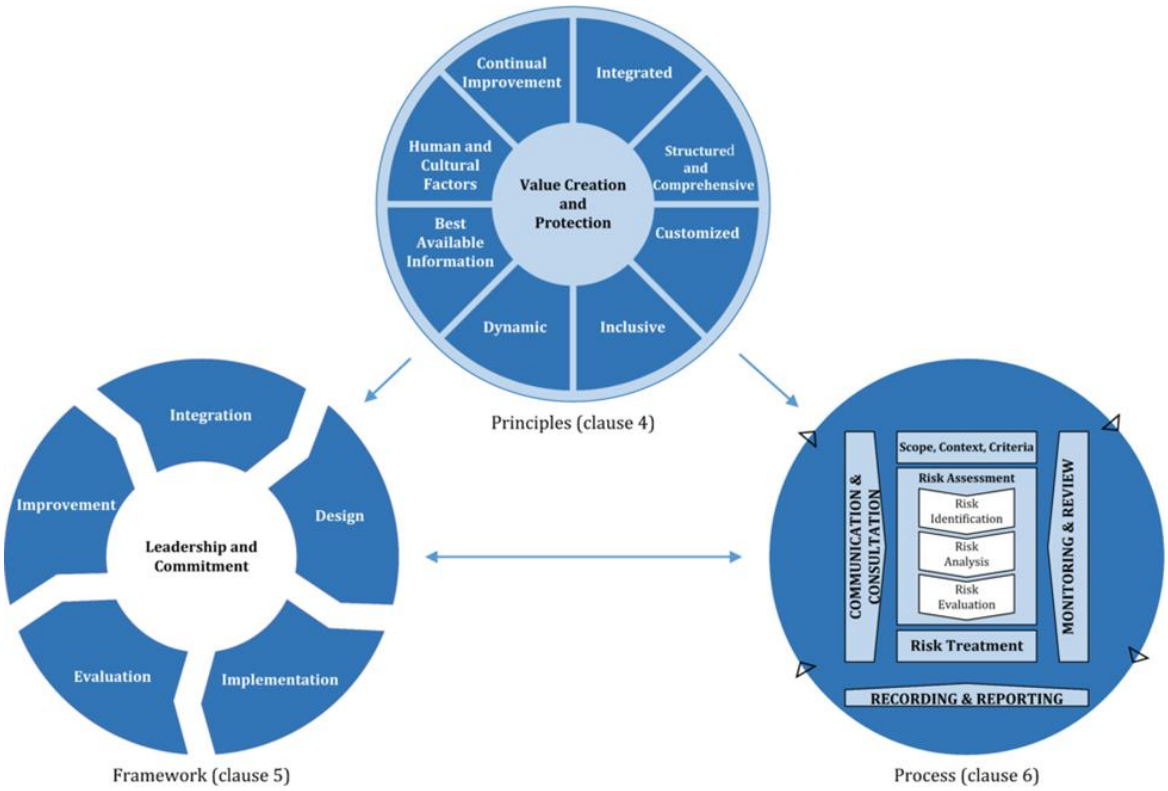


Figure 1: Relationship between the risk management principles, framework, and process (Source: ISO 31000:2018)

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.
- An effective governance structure to support the risk framework.

Framework Review

The Risk Management Governance Framework is to be reviewed for appropriateness and effectiveness at least once in every three years, or sooner if there has been material restructure or change in the risk and control environment.

Operating Model

The ~~Council~~ 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~~ our Council, ~~management~~Executive, and ~~the community~~other stakeholders will have assurance that risks are managed effectively to support delivery of the Shire's Strategic~~, Corporate~~ and ~~&~~ Operational Plans.

First Line of Defence

All operational areas of the Council 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:

- Establish~~ing~~ and implement~~ing~~ appropriate processes and controls for the management of risk ~~(~~in line with these procedures~~)~~.
- Undertak~~e~~ing adequate analysis ~~(data capture)~~ to support the risk decision-making process.
- ~~Prepare risk acceptance proposals where necessary, based on the level of residual risk.~~
- Retain primary accountability for the ongoing management of their risk and control environment.

Second Line of Defence

The ~~Council's~~ Shire's Risk Framework Owner (Corporate Excellence & Compliance ~~Senior Corporate Governance~~ Officer) 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.

The Shire's Executive ~~Senior~~ Management Team (EMT) supplement~~s~~ the 2nd Line of defence.

Maintaining oversight on the application of the F~~f~~ramework 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:

- Providing independent oversight of risk matters as required.
- Monitoring and reporting on emerging risks.
- Co-ordinating the ~~Council's~~ Shire's risk reporting for the ~~CEO &~~ Executive Management Team and the Audit~~, &~~ Risk and Improvement Committee~~. via the 'Dashboard' refer Appendix D and the 'Risk Register' refer Appendix E.~~
- Performing control assurance activities across the Shire's key processes as required.

Third Line of Defence

Internal and~~&~~ External Audit are the ~~**third line**~~**'3rd Line'** of defence, providing independent assurance to ~~the~~ Council, the Audit~~ &,~~ Risk and Improvement Committee and ~~Council management~~the Executive on the effectiveness of business operations and oversight frameworks (1st and~~&~~ 2nd Line).

Internal Audit Appointed by the ~~Deputy CEO~~CEO to report on the adequacy and effectiveness of internal control processes and procedures. The scope of which would be determined by the CEO ~~or Deputy CEO,~~ with input from the Audit~~ &,~~ Risk and Improvement Committee.

External Audit Appointed by ~~Council on the recommendation of the Audit & Risk Committee to report independently to the President and CEO on the annual financial statements only.~~the Office of the Auditor General (OAG).

Governance Structure

The following diagram depicts the current operating structure for risk management within the ~~Council~~Shire.

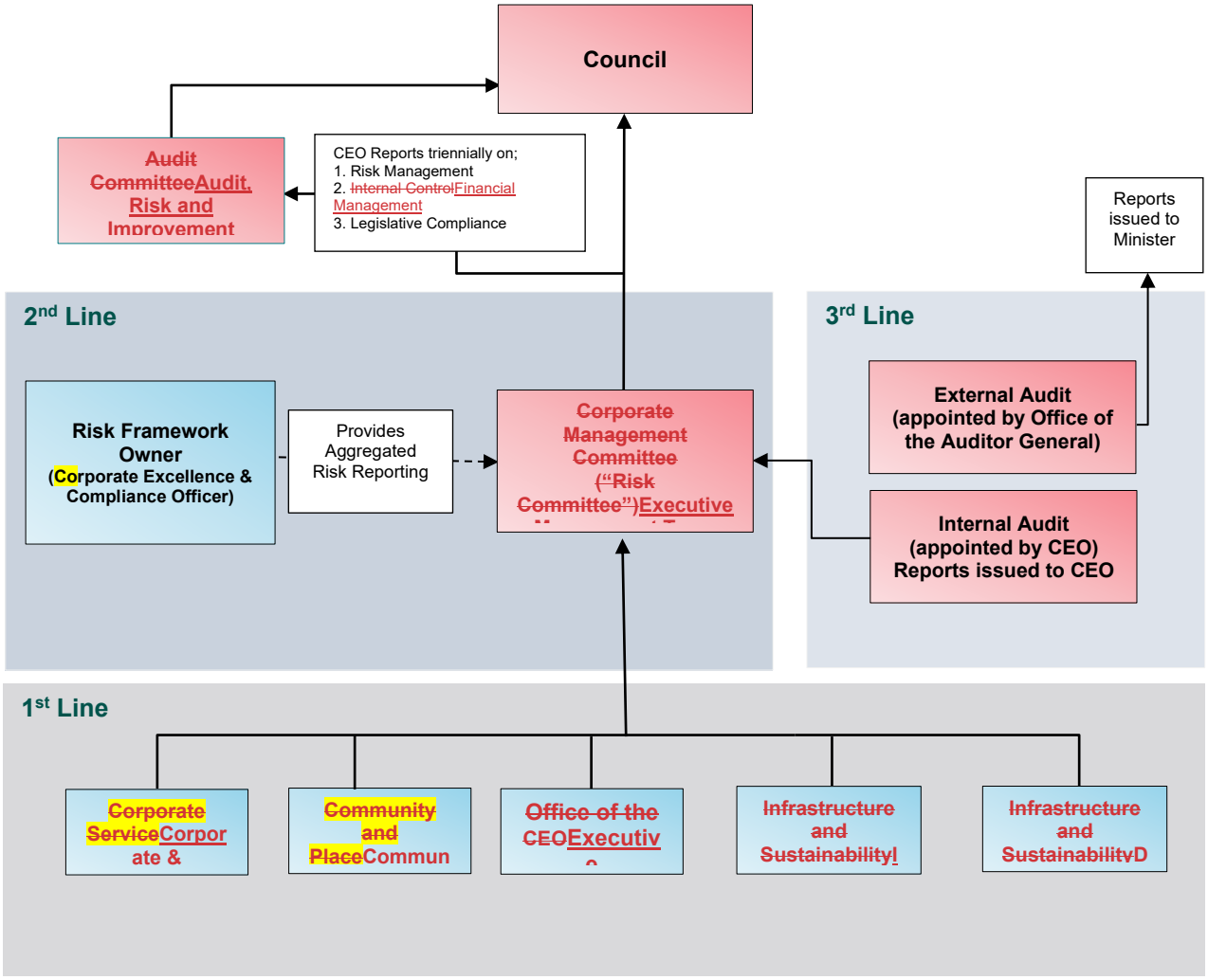


Figure 2: Three Lines of Defence Operating Model

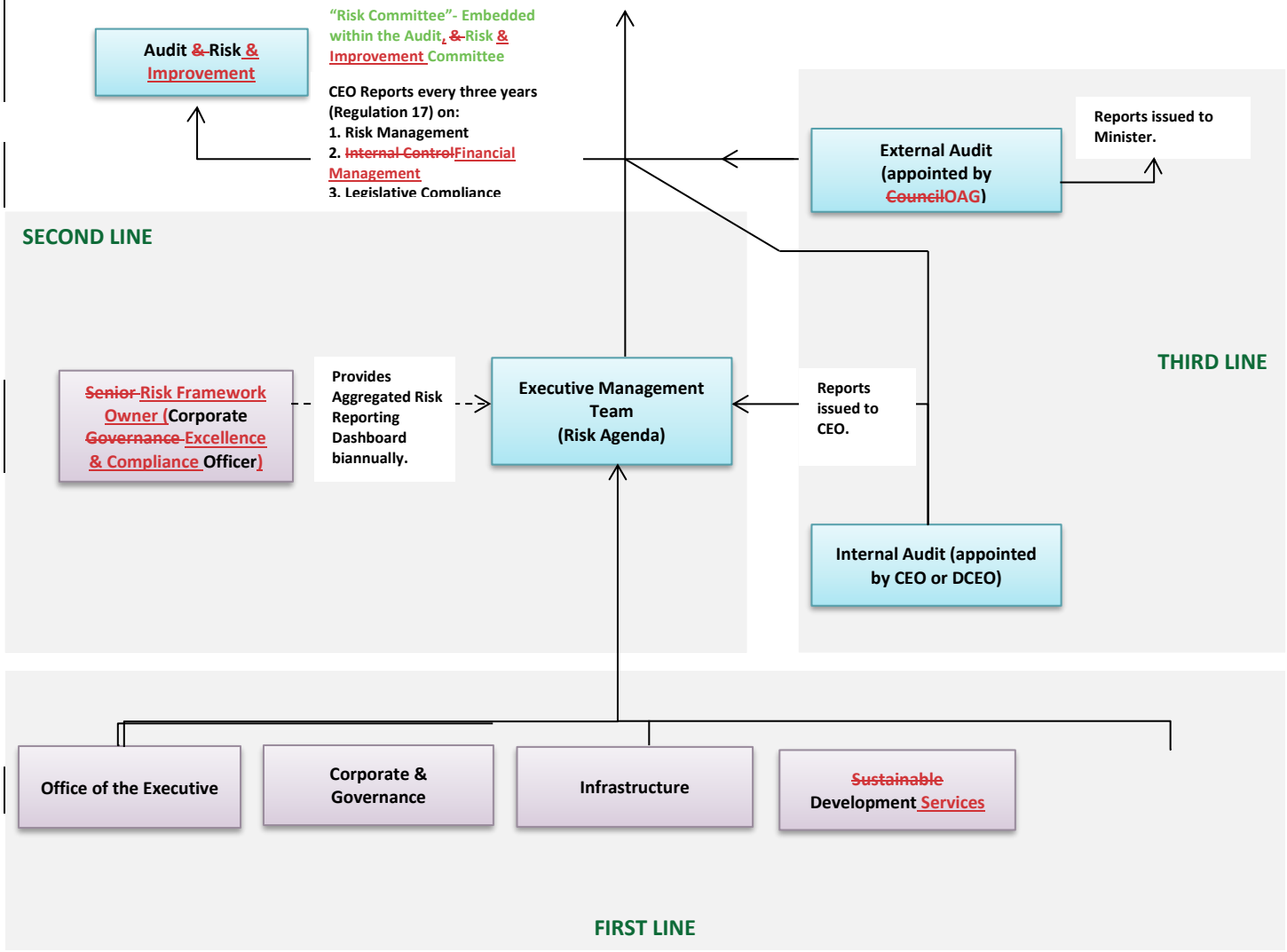


Figure 2: Three Lines of Defence Operating Model

Shire of Dardanup

Roles and~~&~~ Responsibilities

Council

- Review and approve the Shire of Dardanup's Risk Management Governance Framework.
- ~~Engage External Auditors to report on~~Receive and consider the annual audited financial statements ~~annually~~and audit reports in accordance with legislative requirements.
- Establish and maintain an Audit~~, &~~ Risk and Improvement Committee in terms of the *Local Government Act 1995*.

Audit~~, &~~ Risk and Improvement Committee

- Regular review of the appropriateness and effectiveness of the Framework.
- Support Council to provide effective corporate governance.
- Oversight of all matters that relate to the conduct of External Audits.
- Must be independent, objective, and autonomous in deliberations.

CEO / Executive Management Team

- Appoint Internal Auditor(s) as required under *Local Government (Audit) Regulations 1996*.
- Liaise with Council in relation to risk acceptance requirements.
- Approve and review the appropriateness and effectiveness of AP023 Risk Management Policy and the Risk Management Governance Framework.
- Drive consistent embedding of a risk management culture.
- Analyse and discuss emerging risks, issues, and trends.
- Document decisions and actions arising from ~~'~~risk-related matters~~'~~.
- Own and manage ~~the Risk Profiles at Shire level~~strategic and operational risk.

~~Senior Corporate Governance~~Corporate Excellence & Compliance Officer

- Oversee and facilitate the Risk Management Governance Framework.
- Support reporting requirements for risk-related matters.

Work Areas

- Drive risk management culture within work areas.
- Own, manage, and report on specific risk issues as required.
- Assist in the risk and control management process as required.
- Highlight any emerging risks or issues accordingly.
- Incorporate risk management into meetings, by ~~incorporating the following agenda items~~discussing:
    - Any ~~N~~new or emerging risks.
    - Review existing risks.

- Control adequacy.
- Any ~~O~~outstanding issues and actions.

Document Structure (Framework)

The following diagram depicts the relationship between the risk management policy, framework and supporting documentation and reports.

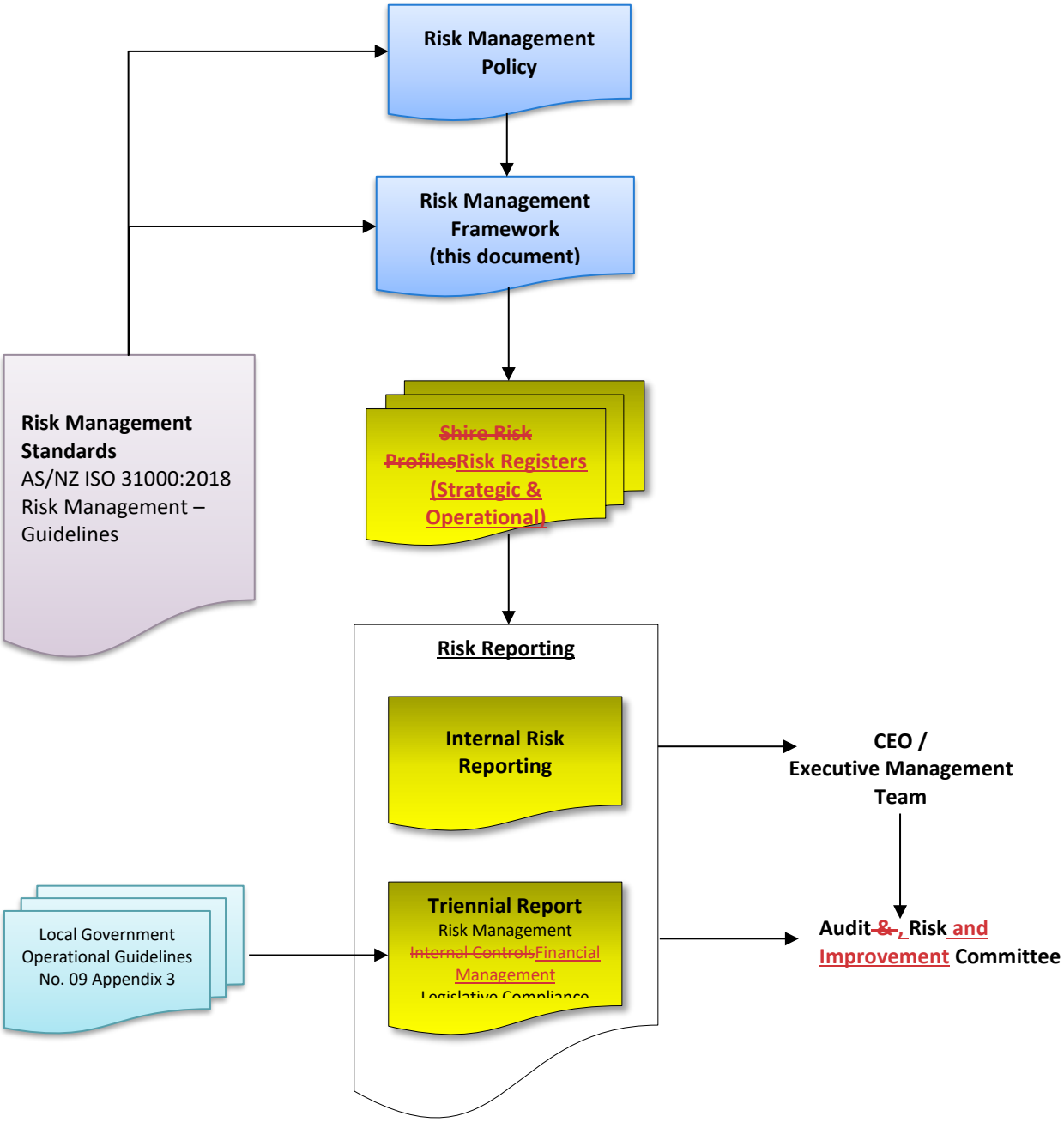


Figure 3: Document Structure

Shire of Dardanup

RISK MANAGEMENT PROCEDURES

All work areas of the ~~Council~~ Shire are required to assess and manage their r~~R~~isk ~~Profiles~~ on an ongoing basis.

~~Each Manager, in conjunction with the Senior Corporate Governance Officer is accountable for ensuring that Risk Profiles are~~In general, risks need to be:

- Reflective of the Shire's material risk landscape ~~of the Council~~.
- ~~Reviewed on at least a 3-year rotation, or sooner if there has been a material restructure or change in the risk and control environment~~Reviewed regularly so that they remain current.
- Maintained in the standard format.

~~This process is supported using key data inputs, workshops, and ongoing business engagement.~~

The risk management process is standardised across all areas of the ~~Council~~Shire. The following diagram outlines that ~~process~~ process, ~~with the following commentary providing~~followed by broad descriptions of each step from A to H.

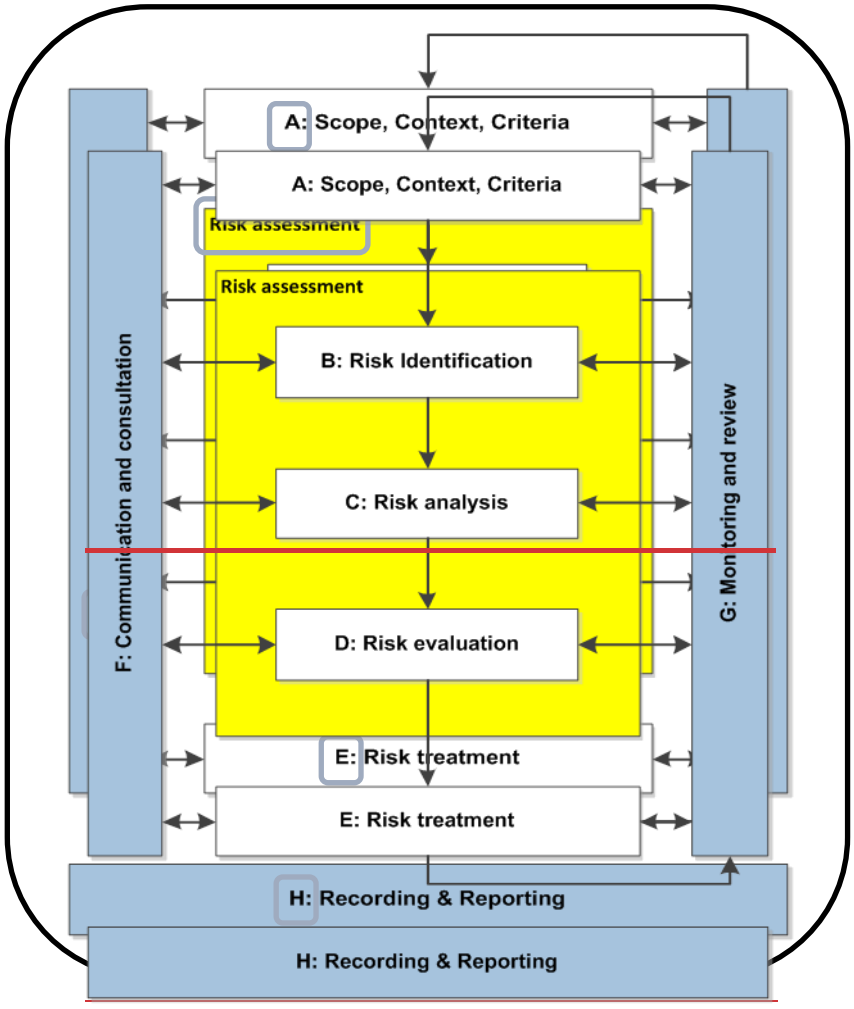


Figure 4: Risk Management Process – Source ISO 31000:2018

Shire of Dardanup

A: Scope, Context, Criteria

The first step in the risk management process is to understand the ~~context~~ background within which ~~the~~ risks are to be assessed and what is being assessed, whether that be an object, activity, project, division or the whole organisation. T~~t~~his forms two elements: 'Organisational Criteria' and 'Scope and Context':

Organisational Criteria

This includes what the organisation is trying to achieve and the Risk Assessment and Acceptance Criteria (Appendix A) ~~and any other tolerance tables as developed~~.

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

Scope and Context

In addition to understanding what is to be assessed, it is also important to understand the source of the risk ~~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 to the organisation) and who the key stakeholders are or areas of expertise that may need to be included in the risk assessment.

Since risk is defined as *the effect of uncertainty on objectives* (AS/NZS ISO 31000), the Shire has three levels of risk assessment Context:

1. ~~For specific risk assessment purposes, the Council has three levels of risk assessment context:~~

Strategic Context ~~(known as Strategic Risks)~~

These ~~are~~ risks ~~that generally occur in the Council's external environment and may impact the long-term viability of the Council. These are generally managed at the Council level and are captured within the Council Plan.~~are associated with **achieving the organisation's long-term objectives** and may include:

- Organisational Values and Vision
- Stakeholder Analysis / Environment Scan / SWOT Analysis
- Strategies / Objectives / Goals

The Executive Management Team own and manage these risks.

2. **Operational Context ~~(known as Operational Risks)~~**

These ~~are~~ risks ~~the Council faces in the course of conducting its~~are associated with **achieving the Shire's ~~daily~~ day-to-day business ~~activities~~objectives**, ~~procedures~~activities, functions, and ~~systems~~services.

Prior to identifying operational risks, the operational area should identify its business objectives i.e., what it is aiming to achieve?

~~These are generally managed by t~~The Executive Management Team ~~however may be reported to Council, particularly those with a heightened risk level. These risks are captured in the Operational Risk Profiles.~~

~~These Risk Profiles are expected to change over time. To ensure consistency, any amendments must be approved by the Executive Management Team.~~ delegate responsibility for the management of these risks to the Management Team, however, remain the owners of these risks.

3. Project Context

These risks are associated with **achieving the Shire's change initiatives.** Project Risk has two main components:

- **Indirect** refers to the strategic or operational risks to the Shire that may arise **because** of the Project.
- **Direct** refers to the risks that threaten delivery of **actual project outcomes.**

These risks are generally managed by the Project Manager and owned by the Executive. ~~These are risks that occur which have an impact on meeting a specific project objective. These risks are managed by local teams and are captured in project/activity risk assessments.~~

~~Project Risk has two main components:~~

- ~~Direct 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 Council from meeting its objectives.~~
- ~~Indirect refers to the risks which threaten the delivery of project outcomes.~~

~~In addition to understanding what is to be assessed, it is also important to understand who are the key stakeholders or areas of expertise that may need to be included within the risk assessment.~~

Shire of Dardanup

B: Risk Identification

Note that Risk identification is the first step of a three-part 'Risk Assessment', consisting of Risk Identification, Risk Analysis and Risk Evaluation.

Once the 'Context' has been determined, the next step is to identify risks. This is the process of finding, recognising and describing risks.

~~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: Risk Event ~~(risk)~~ sequence

The objective of the 'Risk Identification' step is to identify potential risks that could stop the Shire from achieving its objectives. This step is also where opportunities for enhancement or gain across the organisation can be found.

In conjunction with relevant stakeholders and subject matter experts, ask the questions listed below.

~~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 Council from achieving its goals. This step is also where opportunities for enhancement or gain across the organisation can be found.~~

These questions ~~/ considerations~~ should be used only as a guide to~~, as~~ ~~un~~identifying~~ied~~ risks ~~can cause major losses through missed opportunities or adverse events occurring.~~and ~~A~~additional analysis may be required. Ask:

~~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? **(a: Risk Description)**
- How ~~may~~ could this risk ~~eventuate~~occur? **(b: Potential Causes)**
- What are the current measurable activities that mitigate this risk from ~~eventuating~~occurring? **(c: Controls)**
- What are the potential consequential outcomes of the risk ~~eventuating~~occurring? **(d: Consequences)**

Shire of Dardanup

a. **Risk Description** – 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 the outcomes ~~following an event,~~ or the consequences of ~~an~~ a risk event.

b. **Potential Causes** – are the conditions that may present or the failures that may ~~lead~~ give rise to ~~the event or~~ a point in time when control is lost ~~(risk)~~.

c. ~~**Inherent Risk**~~**Controls** – ~~is an assessed level of raw or untreated risk; that is the natural risk level without using controls or mitigations to reduce its impact or severity~~are measures that modify risk.

~~In relation to the Risk Profiles, the overall inherent risk will be determined based on industry guidance (for example Local Government Insurance Services WA) and assessed against the Shire's Measure of Consequence and Likelihood risk tables. This further demonstrates that with effective controls the overall level of risk to Council is reduced.~~

~~**Controls** – are measures that modify risk. They~~Controls must meet the following three tests to be considered as controls:

1. Is it ~~an~~ a physical object, technological system ~~and / or~~or human action.~~?~~
2. ~~Does it, by itself,~~ It arrests or mitigates an unwanted sequence.~~?~~
3. It ~~i~~is ~~the required performance~~ specifiable, measurable, and auditable.~~?~~

See below:

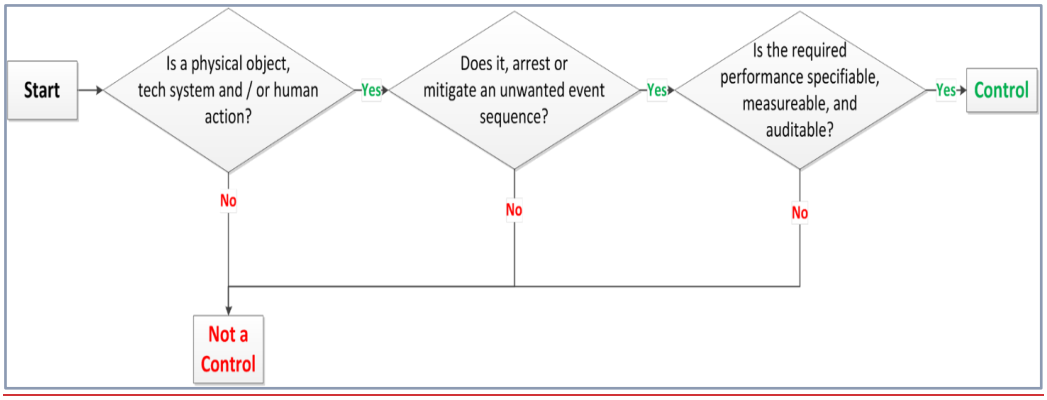


Figure 6: Test for Control Considerations

~~3.~~

d. **Consequences** – these need to be impacts to the Shire and could be health of~~. These can be~~ staff, visitors, or contractors ~~injuries~~; financial consequences; interruption to services; non-compliance; or damage to reputation, ~~or~~ assets or the environment. ~~**There is no need to determine the level of impact at this stage.**~~

C: Risk Analysis

There are two steps to a Risk Analysis; determine the effectiveness of key controls; and calculate the residual risk rating.

Risk analysis gives the ability to prioritise and compare risks and drive risk-based decision making.

The main outcome of a risk analysis is the ranking of risk from 'Low' to 'Extreme'.

This is determined by considering the **likelihood** that a risk event will occur and the **consequences** of it occurring, taking into account any Controls that are in place, and how effective these Controls are.

Controls fit into three distinct types:

- **Preventative Controls** - are aimed at preventing the risk occurring in the first place.
- **Detective Controls** - are used to identify failures in preventative controls. They include: audits, stocktakes, and reviews.
- **Corrective (or Reducing) Controls** - are aimed at minimising the consequences that arise from the risk event.

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

Step 1 - Consider the effectiveness of Kkey Ccontrols.

~~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~~even if ~~it is~~ performed perfectly by the operator every time. Consider

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

1.~~•~~ **Complete**~~ness~~ – The ~~ability to ensure the process is completed once. How does the~~ Ccontrol ~~ensure that the process~~ is not ~~lost or~~ forgotten ~~,~~ or ~~potentially~~ completed multiple times.~~?~~
2.~~•~~ **Accurate**~~cy~~ – The ~~ability to ensure the process is completed accurately, that~~Control has no errors ~~are made,~~ or missing components ~~of the process missed~~.
3.~~•~~ **Timely**~~iness~~ – The Control ~~ability to ensure that~~allows the process ~~is~~ to be completed within ~~statutory timeframes or internal~~ service ~~level requirements~~delivery standards.
4.~~•~~ **Theft or Fraud** – The Control does not expose the organisation to~~ability to protect against internal misconduct or external~~ theft ~~/~~or other fraudulent activities.

It is ~~very~~ difficult to have a single Ccontrol that meets all these ~~above~~ requirements. ~~when viewed against a Risk Profile.~~ It is therefore imperative~~ortant that all controls are~~to considered multiple Controls to ensure ~~so that~~ all of these ~~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.~~The best-designed Controls will have no impact if they are not applied correctly by the operator.

Confirm operating effectiveness by:

- **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~~to confirm that the desired outcome was achieved.
- **Observe** – physically watch the task or process being performed.
- **Inquire** – ~~through discussions with individuals / groups~~ determine ~~the relevant~~ understanding of the ~~process~~ tasks and how ~~all components are required to~~they 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~~ measure for applying a value to the overall control is the same as for individual controls and can be found in Appendix A Existing Control Ratings.

Step 2 – ~~Determine~~ Calculate the Residual Risk R~~r~~ating.

The Shire's Risk Assessment and Acceptance Criteria (Appendix A) is now applied to complete the analysis of the identified risks.

There are three components to this step:

1. ~~Determine relevant consequence categories and rate~~Make a qualitative judgement of 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~~that is foreseeable if the risk were to eventuate without existing Controls in place. **(Consequence)**
2. Determine how likely it is that the ~~'probable~~ worst ~~consequence'~~ scenario that is foreseeable will eventuate with existing C~~c~~ontrols in place. **(Likelihood)**

~~3.~~ Using the ~~Council's~~ Shire's Risk Matrixes, ~~combine~~ multiply the measures of consequence and likelihood to determine the risk rating. **(Consequence X Likelihood = 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~~ takes the ~~r~~Risk ~~r~~Rating and applies it to the Shire's Risk Acceptance Criteria to determine whether the risk is within acceptable levels ~~to~~ for the ~~Council~~Shire.

This evaluation will determine whether the risk is Low, Moderate, High or Exteme.

It will also determine ~~through the use of the Risk Acceptance Criteria, what (~~if any~~) high level~~ actions or treatments need to be implemented or the risk escalated due to urgency or level of risk. ~~In effect, the Risk Acceptance Criteria becomes the Shires 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.~~

Shire of Dardanup

- The Shire will not accept risks with a high residual risk rating unless it is controlled effectively, managed by senior management and subject to regular monitoring.

- The Shire will generally not accept risks with an extreme residual risk rating. However, if risk is accepted, then all treatment plans to be explored and implemented where possible, managed by highest level of authority (Council) and subject to continuous monitoring.

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

End of Risk Assessment

E: Risk Treatment

There are generally two requirements following the evaluation of risks.**Where Controls are inadequate or do not reduce a risk level sufficiently to fall within appetite, a treatment option must be implemented to further mitigate the risk.**

- In all cases, rRegardless of the residual risk rating; C**controls that are rated 'Inadequate'** must have a treatment plan (action plan) to improve the control effectiveness to at least 'Adequate'. This can be captured on the Risk Profile.
-
- If the residual rRisk Rrating is Hhigh or Eextreme, a tTreatment pPlans must be implemented to either:
  a. Rreduce the consequence of the risk materialising or.
  b. R reduce the likelihood of occurrence.

Where this is not possible, a Treatment Plan must be implemented to (Note: these should have the desired effect of reducing the risk rating to at least moderate)

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

There are four broad Treatment options available:

1. **Avoid:** avoid the activity or event that would give risk to the risk.
2. **Treat (Mitigate):** implement new Controls or improve existing Controls to reduce the likelihood and/or consequence of the risk.
3. **Transfer/Share:** transfer or share the risk with another party, generally through insurance, contractual arrangements or partnership agreements.
4. **Accept:** accept the risk where is falls within the Shire's risk appetite or where further treatment is not reasonably practicable. Acceptance of risks outside appetite must be approved in accordance with the Risk Acceptance Criteria.

Risk Acceptance

Shire of Dardanup

Risk Acceptance is a decision to accept (within authority levels), risks that fall within the Shire's risk appetite.

For those risks that remain outside of appetite, the following process must be followed;

The 'Risk Acceptance' must be in writing, signed by the relevant Manager, copied to the CEO, and include:

- A description of the risk and the reasons for holding a risk outside of appetite.
- An assessment of the risk (consequence, materiality, likelihood, assumptions, etc).
- Details of any mitigating action plans or treatment options in place.
- An estimate of the expected remediation date.

A lack of budget or funding for a material risk outside of appetite is not sufficient justification for acceptance of a risk.

~~Once a treatment has been fully implemented, the Senior Corporate Governance Officer is to review the risk information and acceptance decision with the treatment now noted as a control and those risks that are acceptable then become 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~~ were made and why particular ~~treatment / action~~Treatment options ~~are~~ were selected ~~or the reasons to accept risks have changed~~.

~~As risk is defined as the effect of uncertainty on objectives,~~Communicating and consulting with relevant stakeholders assists in the reduction of components of uncertainty and. ~~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 r~~Regular~~ly~~ review~~ing of~~ the effectiveness and efficiency of C~~c~~ontrols and the appropriateness of ~~t~~Treatment ~~/ action~~ options ~~selected, we can~~will determine if the organisation's resources are being put to the best use possible.

Risk Review Frequency

To ensure risk remain current and appropriately managed, risks are to be reviewed in accordance with the following minimum reporting requirements:

Residual Risk Rating	**Review Frequency**	**Responsibility**
Extreme	Monthly or as circumstances change	CEO / EMT
High	Quarterly	Director / Manager
Moderate	Six Monthly	Manager / Supervisor
Low	Annually	Risk Owner

Risk reviews should consider:

- Control effectiveness.
- Progress of treatment actions.
- Changes to likelihood or consequence.
- Emerging risks.
- Changes in legislation, service delivery or operating environment.
- Whether escalation or reporting requirements have changed.

During the ~~review~~ reporting process, management are required to review any risks and Controls in~~within~~ their area and follow up on any outstanding ~~controls and~~ treatments ~~/ action~~ to mitigat~~inge~~ 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.~~

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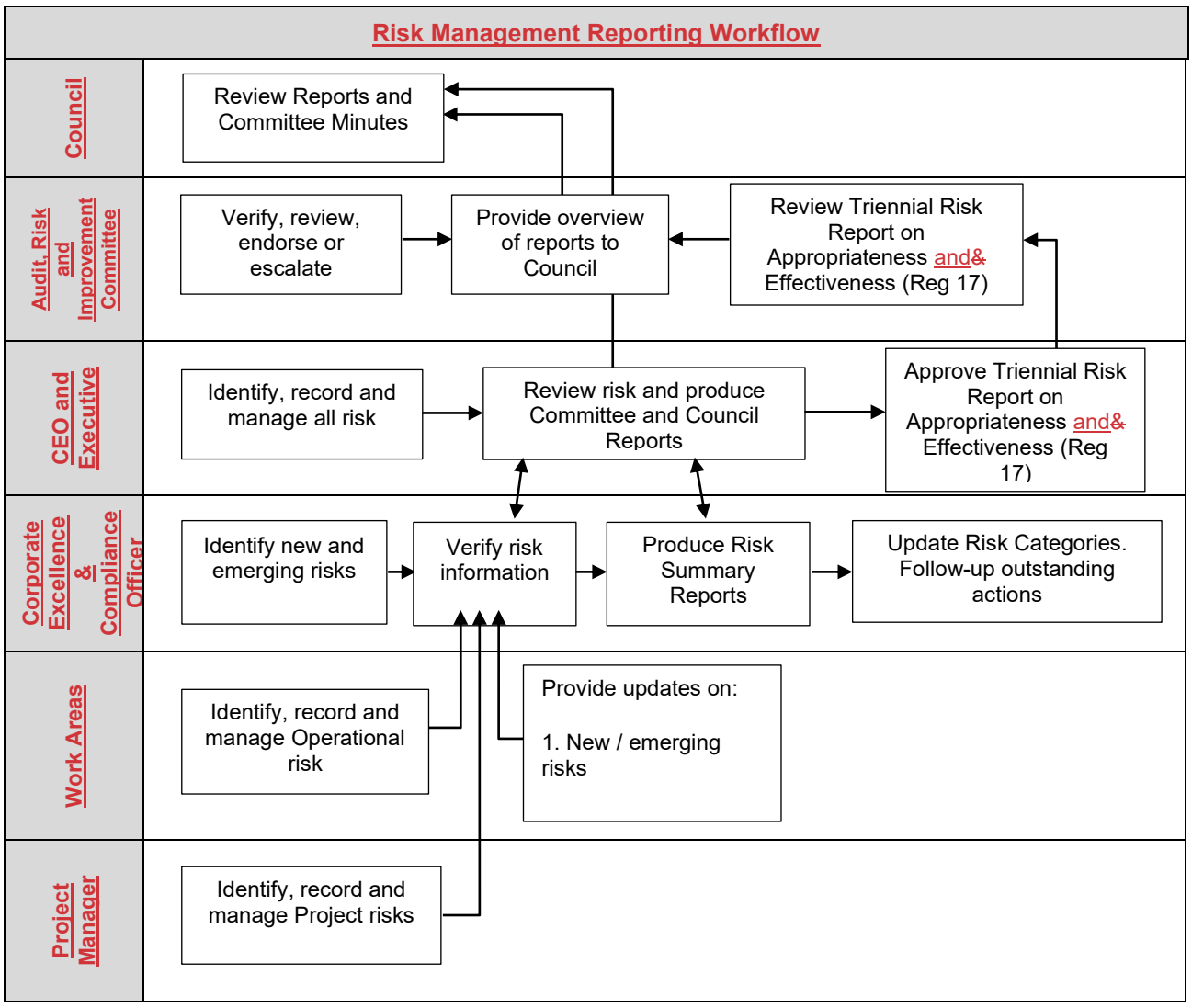
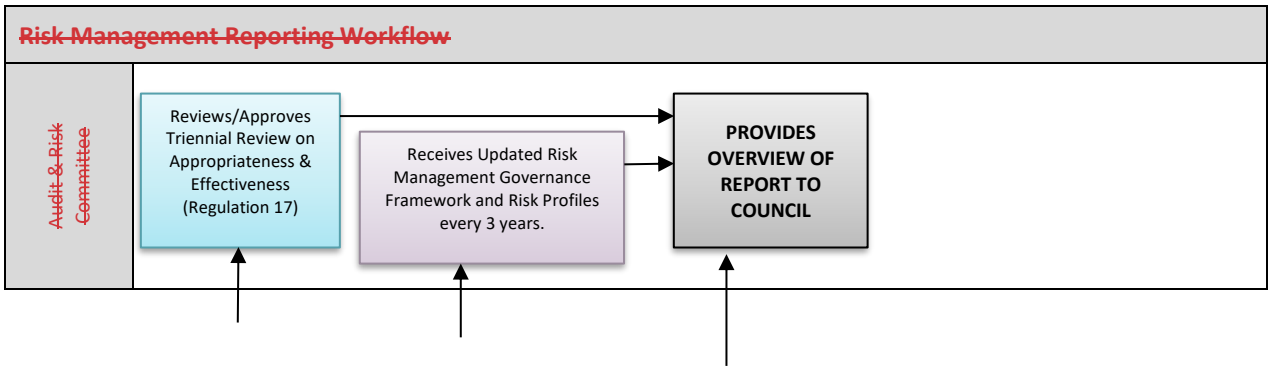
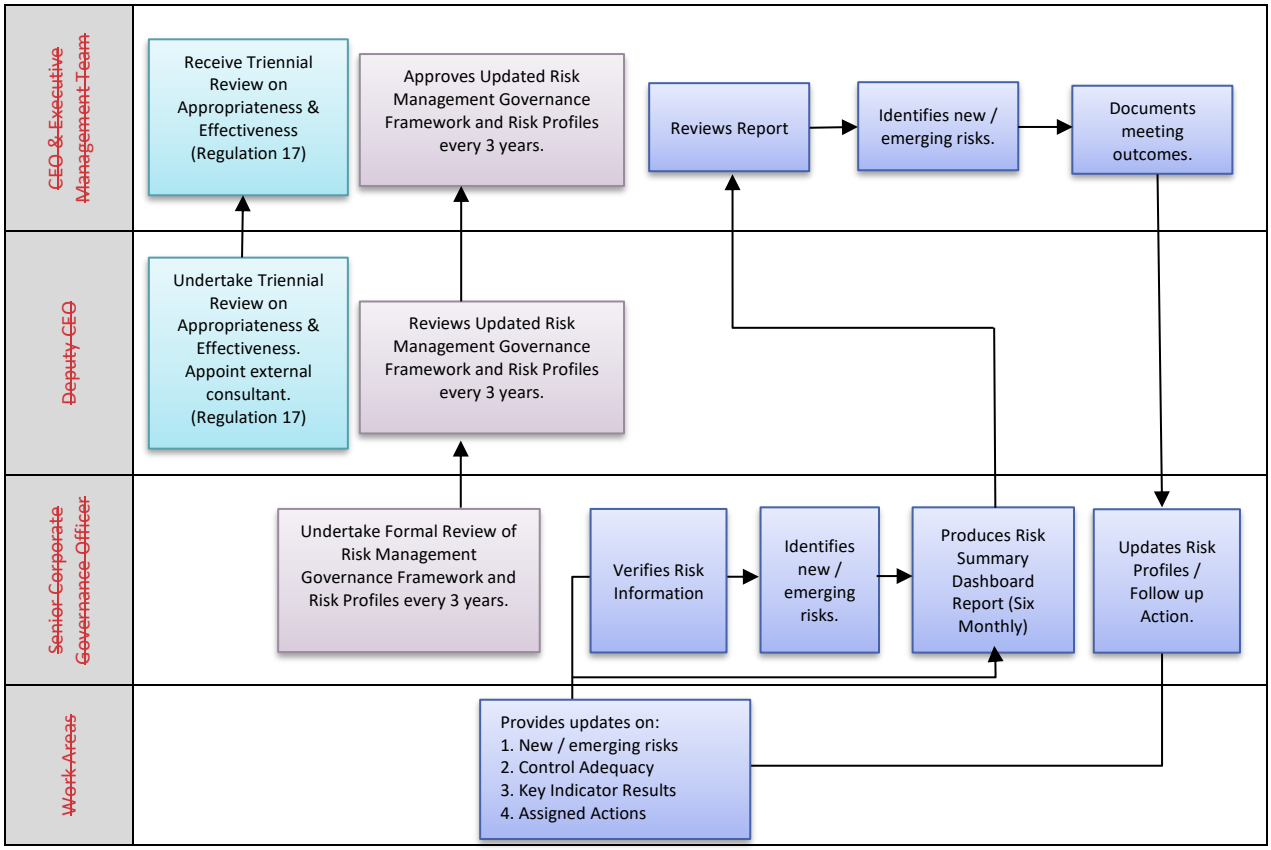
H: Recording and~~&~~ Reporting

The following diagram provides a high-level view of the ongoing reporting process for r~~R~~isk m~~M~~anagement.







Project Manager

- Ensure risk management activities are integrated into project planning, procurement, contract management and project governance processes.
- Identify, record and manage project specific risks and opportunities throughout the project life cycle.
- Continually provide updates in relation to new, emerging risks, control effectiveness and key indicator performance to the Corporate Excellence & Compliance Officer.

Work Areas

- Continually provide updates in relation to new, emerging risks, control effectiveness and key indicator performance to the ~~Senior Corporate Governance~~Corporate Excellence & Compliance Officer.
- Work through assigned actions and provide relevant updates to the ~~Senior Corporate Governance~~Corporate Excellence & Compliance Officer.
- Risks / Issues reported to the CEO ~~&~~and the Executive Management Team are reflective of the current risk and control environment.

~~Senior Corporate Governance~~Corporate Excellence & Compliance Officer

- Ensuring the Risk Management Governance Framework and the Risk Profiles are formally reviewed and updated, at least on a 3-year rotation or earlier when there has been a material restructure, change in risk ownership or change in the external environment.

- Six monthly Risk Dashboard Reporting for the CEO and the~~&~~ Executive Management Team – contains an overview of the Risk Summary for the Council through the Audit~~,~~ ~~and~~ Risk and Improvement Committee.
- Ensuring the Annual Compliance Audit Return completion and lodgement by the 31 March each year by the Manager Governance ~~& HR~~.

~~Deputy CEO~~Director Corporate & Governance

- Ensuring the Regulation 17 triennial review on the appropriateness and effectiveness of the Council's systems and procedures in relation to risk management, ~~internal control~~financial management and legislative compliance is undertaken. The CEO is to report to the Audit~~,~~ ~~and~~ Risk and Improvement Committee the results of that review,
- Reviews the proposed changes to the Risk Management Governance Framework and the Risk Profiles, as part of the 3-year review process, prior to acceptance by EMT.

CEO/Executive Management Team

- Approves the six-Monthly Risk Dashboard Report, together with any new or emerging risks, and key indicator performances.
- Approves changes to the Risk Management Governance Framework and the Risk Profiles, as part of the 3-year review process, prior to acceptance by Council.

Audit~~, &~~ Risk and Improvement Committee

- 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~~financial management and legislative compliance (Regulation 17). The committee will report to Council the results of that review including a copy of the Chief Executive Officer's report.
- Receive the six-monthly Risk Dashboard Report and report to Council the results of that report.
- Receive the updated Risk Management Governance Framework and recommend for Council approval.

Shire of Dardanup

KEY INDICATORS

Key Indicators may be used for monitoring and validating key risks and controls. The following describes the process for the creation and reporting of Key Indicators:

- Identification
- Validity of Source
- Tolerances
- Monitor & Review

Identification

The following represent the minimum standards when identifying appropriate Key Indicators:

- The risk description and casual factors are fully understood.
- The Key Indicator is fully relevant to the risk or control.
- Predictive Key Indicators are adopted wherever possible.
- Key Indicators provide adequate coverage over monitoring key risks and controls.

Validity of Source

In all cases an assessment of the data quality, integrity and frequency must be completed to ensure that the Key Indicator data is relevant to the risk or control.

Where possible the source of the data (data owner) should be independent to the risk owner. Overlapping Key Indicators can be used to provide a level of assurance on data integrity.

If the data or source changes during the life of the Key Indicator, the data is required to be revalidated to ensure reporting of the Key Indicator against a consistent baseline.

Tolerances

Tolerances are based on the Council's Risk Appetite. They are set and agreed over three levels:

- Green – within appetite; no action required.
- Amber – the Key Indicators must be closely monitored, and relevant actions set and implemented to bring the measure back within the green tolerance.
- Red – outside risk appetite; the Key Indicator must be escalated to the CEO & Executive Management Team where appropriate management actions are to be set and implemented to bring the measure back within appetite.

Monitor & Review

All active Key Indicators are updated as per their stated frequency of the data source.

~~When monitoring and reviewing Key Indicators, the overall trend must be considered over a longer timeframe than that of individual data movements only. The trend of the Key Indicators is specifically used as an input to the risk and control assessment.~~

RISK PROFILES

Operational Risks

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

RISK PROFILE	RISK DESCRIPTION
1. Asset Sustainability	Failure or reduction in service of infrastructure assets, plant, equipment, or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets during their lifecycle from procurement to disposal.
2. Business and Community Disruption	Failure to adequately prepare and respond to events that cause disruption to the local community and / or normal business activities. This could be a natural disaster, weather event, or an act carried out by an external party (e.g. sabotage / terrorism) and/or pandemic.
3. Compliance	Failure to correctly identify, interpret, assess, respond, and communicate laws and regulations as a result of an inadequate compliance framework. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated internal ~~&~~and public domain legal documentation. It includes (amongst others) the Local Government Act, Planning ~~&~~and Development Act, Health Act, Building Act, Dog Act, Cat Act, Freedom of Information Act, and all other legislative based obligations for Local Government.
4. Document Management Processes	Failure to adequately capture, store, archive, retrieve, provide, or dispose of documentation.
5. Employment Practices	Failure to effectively manage human resources (full-time, part-time, casuals, temporary and volunteers).
6. Community Engagement	Failure to maintain effective working relationships with the Community (including local Media), Stakeholders, Key Private Sector Companies, Government Agencies and Elected Members. This includes activities where communication, feedback or consultation is required and where it is in the best interests to do so.
7. Environment Management	Inadequate prevention, identification, enforcement, and management of environmental issues.

Shire of Dardanup

RISK PROFILE	RISK DESCRIPTION
8. Errors, Omissions and Delays	Errors, omissions, or delays in operational activities as a result of unintentional errors or failure to follow due process including incomplete, inadequate or inaccuracies in advisory activities to customers or internal staff.
9. External Theft and Fraud (includes Cyber Crime)	Loss of funds, assets, data, or unauthorised access, (whether attempted or successful) by external parties, through any means (including electronic), for the purposes of fraud, malicious damage or theft.
10. Management of Facilities, Venues, Events and Services	Failure to effectively manage the day-to-day operations of facilities, venues, events, and services.
11. IT, Communications Systems and Infrastructure	Instability, degradation of performance, or other failure of IT or communication system or infrastructure causing the inability to continue business activities and provide services to the community.
12. Misconduct	Intentional activities in excess of authority granted to an employee, which circumvent endorsed policies, procedures, or delegated authority
13. Project / Change Management	Inadequate analysis, design, delivery and reporting of projects / change initiatives, resulting in additional expenses, time delays or scope changes.
~~**14. Change Management**~~	~~Inadequate understanding of change management. This includes the inability to prepare, support, and help individuals and teams in making organisational change.~~
~~**15.**~~**14. Purchasing and Supply**	Inadequate management of external Suppliers, Contractors, IT Vendors or Consultants engaged for operations. This includes issues that arise from the ongoing supply of services or failures in contract management and~~&~~ monitoring processes.
~~**16.**~~**15. Work Health and Safety (WHS)**	Non-compliance with the Workplace Health and~~&~~ Safety Act, associated Regulations and standards. It is also the inability to ensure the physical security requirements of staff, contractors, and visitors.

Appendix A – Risk Assessment and Acceptance Criteria

Shire of Dardanup Measures of Consequence							
Rating (Level)	**Health/People**	**Financial ~~Impact~~**	**Service Interruption**	**Legal and Compliance**	**Reputational**	**Environment~~al~~**	**Property**
Insignificant (1)	Near miss Minor first aid injuries	Less than $10,000; or <5%	No material service interruption ~~- backlog cleared~~ < ~~3~~6 hours	**Compliance** - No noticeable regulatory or statutory impact. **Legal** - Threat of litigation requiring small compensation. **Contract** - No effect on contract performance.	Unsubstantiated, low impact, low profile or 'no news' item. **Example:** Gossip, Facebook item seen by limited persons.	Contained, reversible impact managed by on site response.	Inconsequential ~~or no~~ damage.
Minor (2)	Medical type injuries	$10,001 - $50,000; or 5-10%	Short term temporary interruption – backlog cleared < 1 day	**Compliance** - Some temporary non compliances. **Legal** - Single minor litigation. **Contract** - Results in meeting between two parties in which one party expresses concern.	Un/Substantiated, low impact, low news item. **Example:** Local paper / Industry news article, Facebook item seen by multiple groups.	Contained, reversible impact managed by internal response.	Localised damage rectified by routine internal procedures.
Moderate (3)	Lost time physical or mental injury <30 days / Multiple staff morale problems	$50,001 - $300,000; or 10-25%	Medium term temporary interruption – backlog cleared by additional resources < 1 week	**Compliance** - Short term non-compliance but with significant regulatory requirements imposed. **Legal** - Single moderate litigation or numerous minor litigations. **Contract** - Receive verbal advice that, if breaches continue, a default notice may be issued.	Un/Substantiated, public embarrassment, moderate impact, moderate news profile. **Example:** State-wide paper, TV News story.	Contained, reversible impact managed by internal and external agencies.	Localised damage requiring internal and external resources to rectify.
Major (4)	Long-term physical or mental ~~disability/ multiple injuries~~injury ~~Lost time injury~~ >30 days / Widespread staff morale problems	$300,001 - $1.5 million; or 25-50%	Prolonged interruption of services – additional resources required; performance affected < 1 month	**Compliance** - Non-compliance results in termination of services or imposed penalties. **Legal** - Single major litigation or numerous moderate litigations. **Contract** - Receive/issue written notice threatening termination if not rectified.	Substantiated, public embarrassment, high impact, high news profile, third party actions. **Example:** Australia wide news stories. Regulatory / Political commentary involvement.	Uncontained, reversible impact managed by a coordinated response from external agencies.	Significant and/or widespread damage requiring internal ~~&~~and external resources to rectify.
Catastrophic (5)	Fatality, permanent disability. Shire no longer an employer of choice. Loss of key staff.	More than $1.5 million; or more than 50%	Indeterminate prolonged interruption of services – non-performance > 1 month	**Compliance** - Non-compliance results in litigation, criminal charges or significant damages or penalties. **Legal** - Numerous major litigations. **Contract** - Termination of contract for default.	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions. **Example:** Worldwide news, Focused articles (e.g. 60 minutes). Regulatory / Political oversight and involvement.	Uncontained, irreversible impact.	Extensive damage requiring prolonged period of restitution. Complete loss of plant, equipment ~~&~~and building.

Measures of Likelihood			
Level	**Rating**	**Description**	**Frequency**
5	**Almost Certain**	The event is expected to occur in most circumstances	~~The event is expected to occur m~~More than once per year
4	**Likely**	The event will probably occur in most circumstances	~~The event will probably occur a~~At least once per year
3	**Possible**	The event should occur at some time	~~The event should occur a~~At least once in 3 years
2	**Unlikely**	The event could occur at some time	~~The event could occur a~~At least once in 10 years
1	**Rare**	The event may only occur in exceptional circumstances	~~The event is not expected to occur more~~Less than once in 15 years

Consequence X Likelihood = Risk Rating

Risk Matrix						
Consequence / **Likelihood**		**Insignificant**	**Minor**	**Moderate**	**Major**	**Catastrophic**
		1	**2**	**3**	**4**	**5**
Almost Certain	**5**	**Moderate (5)**	**Moderate (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)**	**Moderate (10)**
Rare	**1**	**Low (1)**	**Low (2)**	**Low (3)**	**Low (4)**	**Moderate (5)**

Risk Acceptance Criteria				
Risk Rank	**Description**	**Criteria**	**Responsibility**	**Entered on Risk Register**
LOW (1 – 4)	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Staff Member / Supervisor	No
MODERATE (5 – 11)	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Supervisor / Manager	No
HIGH (12 – 19)	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	Manager / Director / EMT	Yes
EXTREME (20 – 25)	Unacceptable	Risk generally not acceptable. Where an Extreme risk cannot be reduced to a lower risk rating despite implementation of all reasonably practicable treatment measures, acceptance must be supported by documented justification, approved by ~~However, if risk is accepted, then all treatment plans to be explored and implemented where possible, managed by highest level of authority (~~Council~~)~~ and subject to continuous monitoring and regular review.	EMT / CEO / Council	Yes

Existing Controls Ratings		
Rating	**Foreseeable**	**Description**
Effective	There is no scope for improvement with all available resources.~~More than what a reasonable person would be expected to do in the circumstances. There is little scope for improvement.~~	~~**Documentation**~~ Controls are operating as intended and aligned with policies and procedures. Controls are documented, up to date, understood by users, not forgotten or components missed, does not expose the organisation to theft or fraud and is delivered consistently within statutory or service delivery standards. Controls are subject to ongoing monitoring. Controls are reviewed and tested regularly.~~Processes (Controls) fully documented, with accountable 'Control Owner'.~~ ~~**Operating Effectiveness**~~

Existing Controls Ratings		
Rating	**Foreseeable**	**Description**
		~~Subject to ongoing monitoring and compliance to process is assured.~~ ~~**Design Effectiveness**~~ ~~Reviewed and tested regularly.~~
Adequate	There is some scope for improvement.~~Only what a reasonable person would be expected to do in the circumstances. There is some scope for improvement.~~	~~**Documentation**~~ ~~Processes (Controls) partially documented, with a clear 'Control Owner'.~~ Controls are generally operating as intended; however, inadequacies exist. Limited monitoring of controls. Controls are reviewed and tested, but not regularly.~~**Operating Effectiveness**~~ ~~Limited monitoring, ad-hoc approach and compliance to process is generally in place.~~ ~~**Design Effectiveness**~~ ~~Reviewed and tested, but not regularly.~~
Inadequate	There is a need for improvement or action.~~Less than what a reasonable person would be expected to do in the circumstance. There is a need for improvement or action.~~	~~**Documentation**~~ Controls are not operating as intended. Controls do not exist or are not being complied with. Controls have not been reviewed or tested for some time.~~Processes (Controls) not documented or no clear 'Control Owner'.~~ ~~**Operating Effectiveness**~~ ~~No monitoring or compliance to process is not assured.~~ ~~**Design Effectiveness**~~ ~~Have not been reviewed or tested for some time.~~

Appendix B – Risk Management Policy

POLICY NUMBER & TITLE	AP023 RISK MANAGEMENT
Responsible Directorate	Corporate & Governance Directorate

1. PURPOSE OR OBJECTIVE

The objective of this policy is to state the Shire of Dardanup's intention to identify potential risks before they occur so that impacts can be minimised or opportunities realised; ensuring that the Shire achieves its strategic and corporate objectives efficiently, effectively and within good corporate governance principles.

2. DEFINITIONS

Definitions are taken as those in the *AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines*.

Risk	Effect of uncertainty on objectives. *Note 1: An effect is a deviation from the expected – positive or negative.* *Note 2: Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product, or process).*
Risk Management	Coordinated activities to direct and control an organisation with regard to risk.
Risk Management Process	Systematic application of management policies, procedures, and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring, and reviewing risk.

3. POLICY STATEMENT

It is the Shire's policy to strive to achieve the best practice aligned with AS/NZS ISO 31000:2018 Risk Management Guidelines, in the management of all risks that may affect the Shire meeting its objectives.

Risk management functions will be resourced appropriately to match the size and scale of the Shire's operations, will form part of the strategic, operational, and project responsibilities, and be incorporated within the Shire's Integrated Planning and Reporting Framework.

This policy applies to all Council Members, Employees and Contractors involved in any Shire operations.

Policy Details

The Shire is committed to ensuring that risk management:

- Optimises the achievement of the Shire's values, strategies, goals, and objectives.
- Aligns with and assists the implementation of Shire policies.
- Provides transparent and formal oversight of the risk and control environment enabling effective decision-making.
- Reflects risk versus return considerations within the Shire's risk appetite.
- Embeds appropriate and effective controls to mitigate risk.
- Achieves effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhances organisational resilience.

- Identifies and provides for the continuity of critical operations.

Roles and Responsibilities

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 and the Shire's Risk Management Governance Framework at least triennially, or in response to a material event or change in circumstances.

The Shire's Risk Management Governance Framework outlines in detail all further roles and responsibilities associated with managing risks within the Shire. The Framework also establishes the methodology, assessment criteria and reporting requirements for organisational risk management.

Risk Acceptance and Acceptance Criteria (Risk Tables)

The Shire has quantified its broad risk appetite through the Shire's Risk Assessment and Acceptance Criteria. The criteria are included within the Shire's Risk Management Governance Framework.

All organisational risks are to be identified, assessed, treated and monitored in accordance with the Shire's Risk Management Governance Framework. Risk assessments are to be undertaken using the approved risk assessment methodology, acceptance criteria and reporting requirements contained within the Framework.

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 Executive Management Team and be formally reviewed triennially.

4. DOCUMENT CONTROL

DOCUMENT RESPONSIBILITIES:			
Owner:	Corporate Excellence & Compliance Officer		
Reviewer:	Director Corporate & Governance	Decision Maker:	CEO/EMT
COMPLIANCE REQUIREMENTS:			
Legislation:	*Local Government Act 1995*		
Other (Plans, Strategies, Policies, Procedures, Standards, Promapp, Delegations):	PR036 Risk Assessment and Reporting Australian Standard AS/NZS ISO 310000:2018 – Risk Management – Principles and Guidelines Shire of Dardanup Risk Management Governance Framework Shire of Dardanup Risk Profile Reporting Tool		
DOCUMENT MANAGEMENT:			
Risk Rating:	Moderate	Records Ref:	R0000774456
Review Frequency	Triennial	Next Due:	23-07-2029

Version #	**Date & Decision Reference:**	**Synopsis:**
1	24-07-2013 OCM Res: 240/13	EXEC42 Council Policy Created
2	25-01-2017 OCM Res: 02/17	EXEC42 Superseded
3	25-01-2017 OCM Res: 02/17	AP023 New Admin Policy Document endorsed
4	14-08-2019 OCM Res: 250/19	AP023 Updated as part of the Risk Management Governance Framework
5	30-05-2023 EMT	AP023 Updated as part of the 3 yearly Risk Management Governance Framework review and endorsed by EMT/CEO.

6	23-07-2026 EMT	AP023 Updated as part of the 3 yearly Risk Management Governance Framework review and endorsed by EMT/CEO.

Note: Changes to Compliance Requirements may be made without the need to take the Policy to EMT/CEO for review.

Appendix C – Risk Assessment for Council Reporting Procedure

PROCEDURE NO & TITLE	PR036 RISK ASSESSMENT FOR COUNCIL REPORTING
Responsible Directorate	Corporate & Governance Directorate

1. PURPOSE OR OBJECTIVE

To provide a consistent approach for identifying, assessing and reporting risks associated with decisions made under delegated authority, by committees and by Council.

This procedure supports Administration Policy AP023 Risk Management and is to be applied in conjunction with the Shire's Risk Management Governance Framework.

2. DEFINITIONS

Definitions are taken as those in the *AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines* and the Shire's Risk Management Governance Framework.

3. PROCEDURE

3.1 Risk Assessment Requirements

The Risk Management Governance Framework provides direction for officers in assessing the risks associated with operational, strategic and project decisions.

A Risk Assessment Tool must be completed for all reports submitted to Council and Council Committees.

The Risk Assessment Tool is to be completed in accordance with the Risk Management Governance Framework using the approved risk assessment criteria and methodology.

The completed Risk Assessment Tool is to be attached to the relevant Council or Committee report.

The Risk Assessment section within the report is to provide a summary of the completed assessment, including the identified risks, proposed treatment actions (where applicable) and risk ratings.

3.2 Risk Reporting Tiers

The reporting tier is determined by the highest inherent risk rating identified across all risk events contained within the Risk Assessment Tool.

Tier 1 – No Material Risk Identified

Where no material risk event has been identified, the report should include a statement confirming that a risk assessment has been undertaken and that no material risk has been identified.

The completed Risk Assessment Tool must still be attached to the report.

Tier 2 – Low or Moderate Inherent Risk

Where the highest inherent risk identified is Low or Moderate, the report should summarise:

- the key risk category or categories identified;
- the relevant risk event(s); and
- the inherent and residual risk ratings.

Tier 3 – High or Extreme Inherent Risk

Where the highest inherent risk identified is High or Extreme, the report should summarise:

- the relevant risk event(s);
- the inherent risk rating;
- proposed treatment actions and controls;
- the residual risk rating; and
- any ongoing management or monitoring requirements.

The detailed assessment is to be documented within the Risk Assessment Tool and attached to the report.

3.3 Risk Treatment and Escalation

Where treatment actions are identified through the Risk Assessment Tool, the proposed controls and treatment measures are to be documented within the assessment and summarised within the report.

Where a residual risk remains High or Extreme following the implementation of controls and treatment measures, the risk is to be referred to the relevant Director for consideration for inclusion in the Corporate Risk Register.

Council reports relating to High or Extreme residual risks must clearly identify:

- the residual risk rating;
- proposed treatment actions;
- any ongoing monitoring requirements; and
- the implications of accepting the residual risk.

3.4 Risk Register

Residual risks rated High or Extreme are to be referred to the relevant Director and Executive Management Team for consideration for inclusion in the Corporate Risk Register in accordance with the Risk Management Governance Framework.

The Corporate Risk Register is maintained separately and monitored in accordance with the Framework.

3.5 Responsibilities

Officers

- Complete the Risk Assessment Tool.
- Ensure risks are adequately assessed and documented.
- Attach the completed assessment to the report.
- Summarise the assessment within the Risk Assessment section of the report.

Directors

- Review the adequacy of risk assessments for significant proposals.
- Ensure High and Extreme risks are appropriately escalated.

Executive Management Team

- Monitor significant organisational risks.
- Review risks for inclusion in the Corporate Risk Register.

Chief Executive Officer

- Ensure implementation of Administration Policy AP023 Risk Management.
- Maintain oversight of organisation risk management practices.

4. DOCUMENT CONTROL

DOCUMENT RESPONSIBILITIES:			
Owner:	Corporate Excellence & Compliance Officer		
Reviewer:	Director Corporate & Governance	Decision Maker:	CEO
COMPLIANCE REQUIREMENTS:			
Legislation:	*Local Government Act 1995*		
Other (Plans, Strategies, Policies, Procedures, Standards, Promapp, Delegations):	2019 Risk Management Governance Framework AP023 - Risk Management AS/NZS ISO 31000:2018 – Risk Management – Principles and Guidelines. Shire of Dardanup Risk Profile Reporting Tool		
DOCUMENT MANAGEMENT:			
Risk Rating:	Low	Records Ref:	R0000774596
Review Frequency	Triennial	Next Due:	23-07-2029

Version #	**Date & Decision Reference:**	**Synopsis:**
1	25-01-2017 OCM Res: 02/17	PR036 Procedure endorsed by Council
2	14-08-2019 OCM Res: 250/19	PR036 Procedure reviewed and updated as part of the Risk Management Governance Framework
3	30-05-2023 EMT/CEO	PR036 Procedure reviewed and updated as part of the Risk Management Governance Framework and endorsed by CEO
4	23-07-2026 EMT	PR036 Procedure reviewed and updated as part of the Risk Management Governance Framework and endorsed by EMT. Significant review to make it a Risk Assessment and Council Reporting procedure for decision-making procedure, title change also.

Note: Changes to Compliance Requirements may be made without the need to take the Procedure to EMT/CEO for review.

(Appendix ARIC: 10.6C)

SUPERSEDED

Risk Management Governance Framework

May 2023

Shire of Dardanup

(Appendix ARIC: 10.6C)

Shire of Dardanup

Document Control	

Document ID: Risk Management Governance Framework

Rev No	Date	Revision Details	Author	Approver	Adopted
1.0	1/09/2017	Original Framework created and adopted	LGIS / Phil Anastasakis	Phil Anastasakis	15/09/2017
2.0	30/06/2019	Framework revised in conjunction with LGIS workshop	LGIS / Cindy Barbetti	Phil Anastasakis	14/08/2019 OCM Res 250-19
3.0	20/03/2023	Framework updated in conjunction with LGIS	LGIS / Cindy Barbetti	Phil Anastasakis	28/06/2023 OCM Res 168-23
	30/05/2023	Framework reviewed and endorsed by EM			
For Review: June 2026					

Shire of Dardanup

CONTENTS

Shire of Dardanup

Shire of Dardanup

INTRODUCTION

The Shire of Dardanup's (Council) Risk Management Policy in conjunction with the components of this document encompasses the Council's Risk Management Governance Framework. It sets out the Council'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.

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

- Strong corporate governance.
- Compliance with relevant legislation, regulations, and internal policies.
- Integrated planning and reporting requirements are met.
- 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 Council.

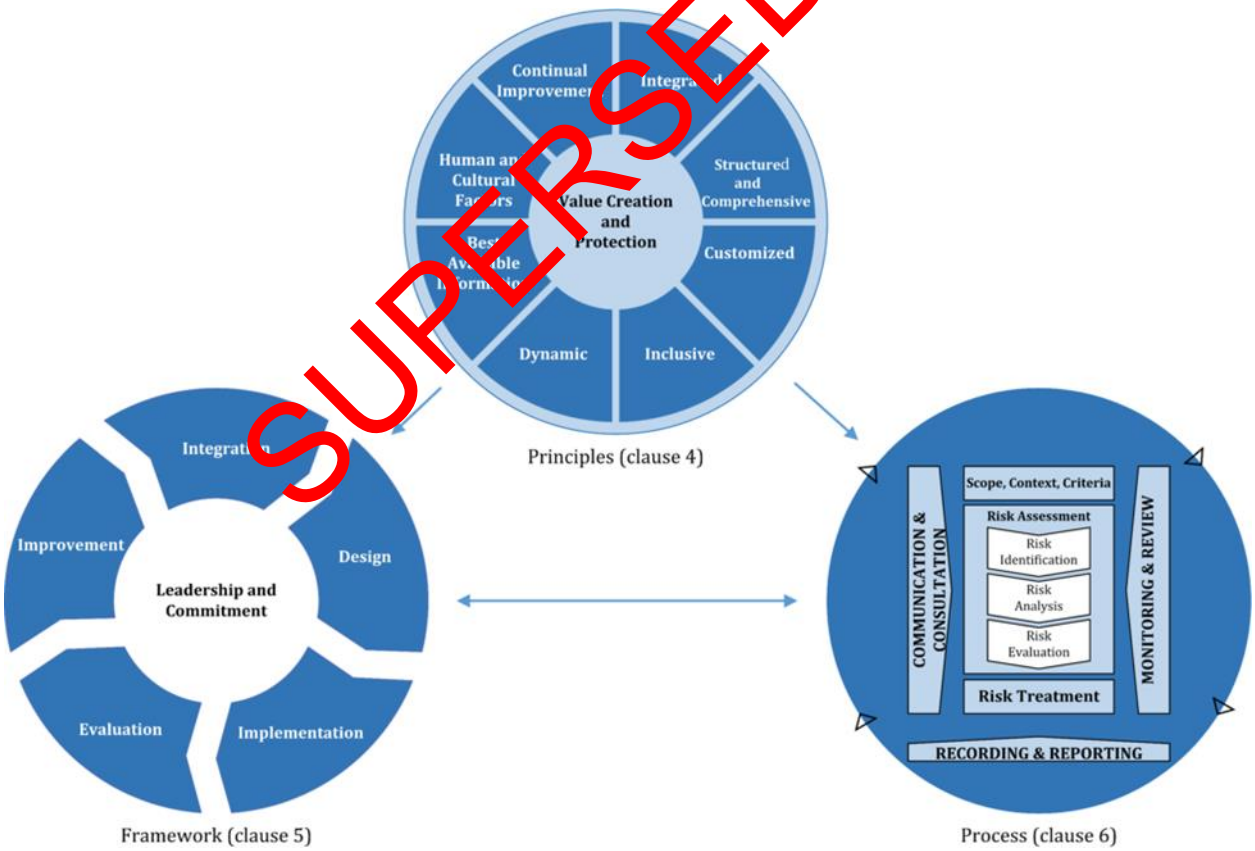


Figure 1: Relationship between the risk management principles, framework, and process (Source: ISO 31000:2018)

Shire of Dardanup

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.
- An effective governance structure to support the risk framework.

Framework Review

The Risk Management Governance Framework is to be reviewed for appropriateness and effectiveness at least once in every three years, or sooner if there has been material restructure or change in the risk and control environment.

Operating Model

The Council 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 the community will have assurance that risks are managed effectively to support delivery of the Shire's Strategic, Corporate & Operational Plans.

First Line of Defence

All operational areas of the Council 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:

- 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.
- Prepare risk acceptance proposals where necessary, based on the level of residual risk.
- Retain primary accountability for the ongoing management of their risk and control environment.

Second Line of Defence

The Council's Senior Corporate Governance Officer 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. Senior Management supplements the 2nd Line.

Maintaining oversight on the application of the framework provides a transparent view and level of assurance to the 1st & 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:

- Providing independent oversight of risk matters as required.

- Monitoring and reporting on emerging risks.
- Co-ordinating the Council's risk reporting for the CEO & Executive Management Team and the Audit & Risk Committee via the 'Dashboard' refer Appendix D and the 'Risk Register' refer Appendix E.

Third Line of Defence

Internal & External Audit are the third line of defence, providing independent assurance to the Council, Audit & Risk Committee and Council management on the effectiveness of business operations and oversight frameworks (1st & 2nd Line).

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

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

Shire of Dardanup

Governance Structure

The following diagram depicts the current operating structure for risk management within the Council.

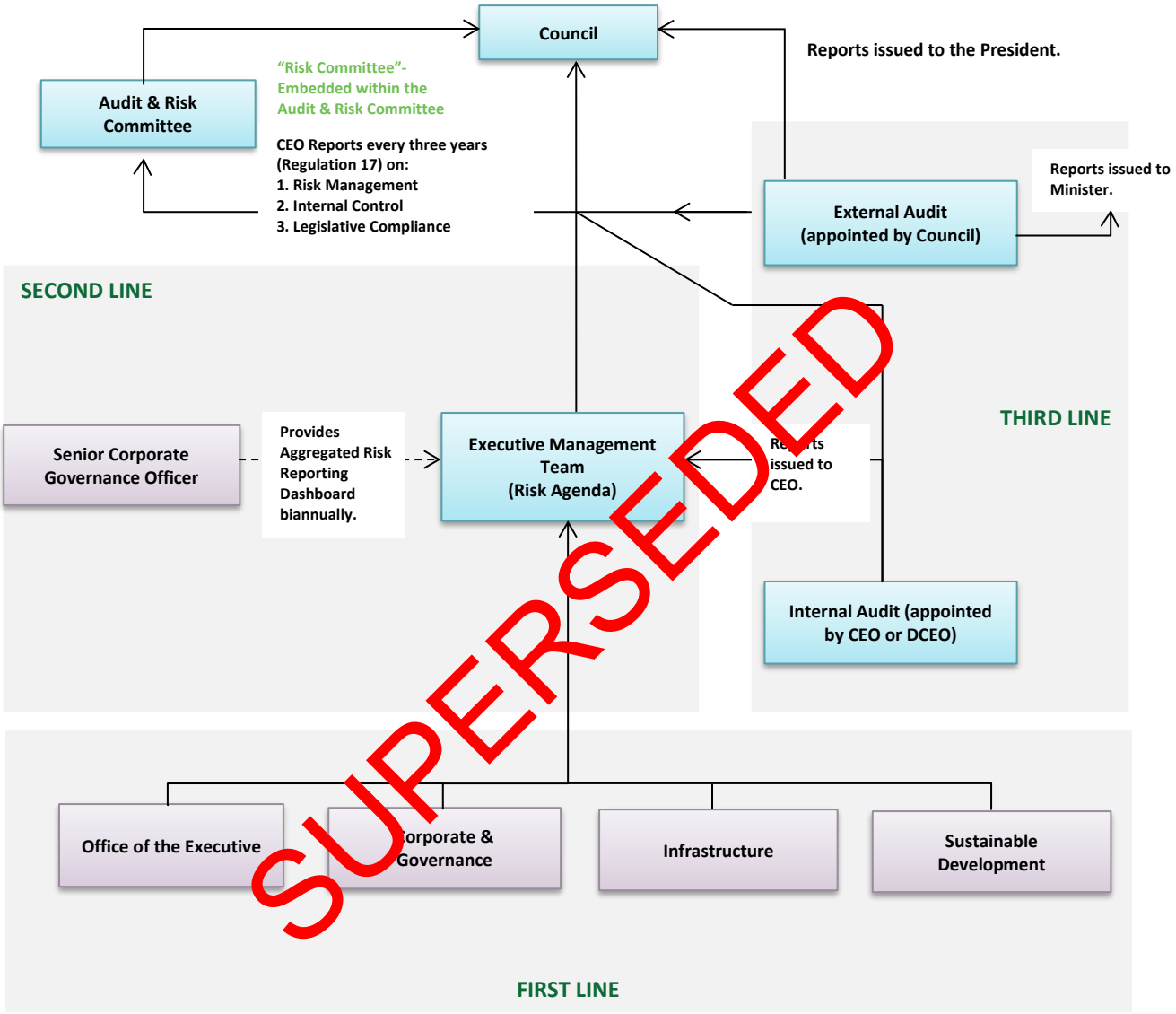


Figure 2: Operating Model

Shire of Dardanup

Roles & Responsibilities

Council

- Review and approve the Shire of Dardanup's Risk Management Governance Framework.
- Engage External Auditors to report on financial statements annually.
- Establish and maintain an Audit & Risk Committee in terms of the *Local Government Act 1995*.

Audit & Risk Committee

- Regular review of the appropriateness and effectiveness of the Framework.
- Support Council to provide effective corporate governance.
- Oversight of all matters that relate to the conduct of External Audits.
- Must be independent, objective, and autonomous in deliberation.

CEO / Executive Management Team

- Appoint Internal Auditors as required under *Local Government (Audit) Regulations*.
- Liaise with Council in relation to risk acceptance requirements.
- Approve and review the appropriateness and effectiveness of AP023 Risk Management Policy and the Risk Management Governance Framework.
- Drive consistent embedding of a risk management culture.
- Analyse and discuss emerging risks, issues, and trends.
- Document decisions and actions arising from 'risk matters'.
- Own and manage the Risk Profiles at Shire level.

Senior Corporate Governance Officer

- Oversee and facilitate the Risk Management Governance Framework.
- Support reporting requirements for risk matters.

Work Areas

- Drive risk management culture within work areas.
- Own, manage, and report on specific risk issues as required.
- Assist in the risk and control management process as required.
- Highlight any emerging risks or issues accordingly.
- Incorporate risk management into meetings, by incorporating the following agenda items:
    - New or emerging risks.
    - Review existing risks.
    - Control adequacy.
    - Outstanding issues and actions.

Document Structure (Framework)

The following diagram depicts the relationship between the risk management policy, framework and supporting documentation and reports.

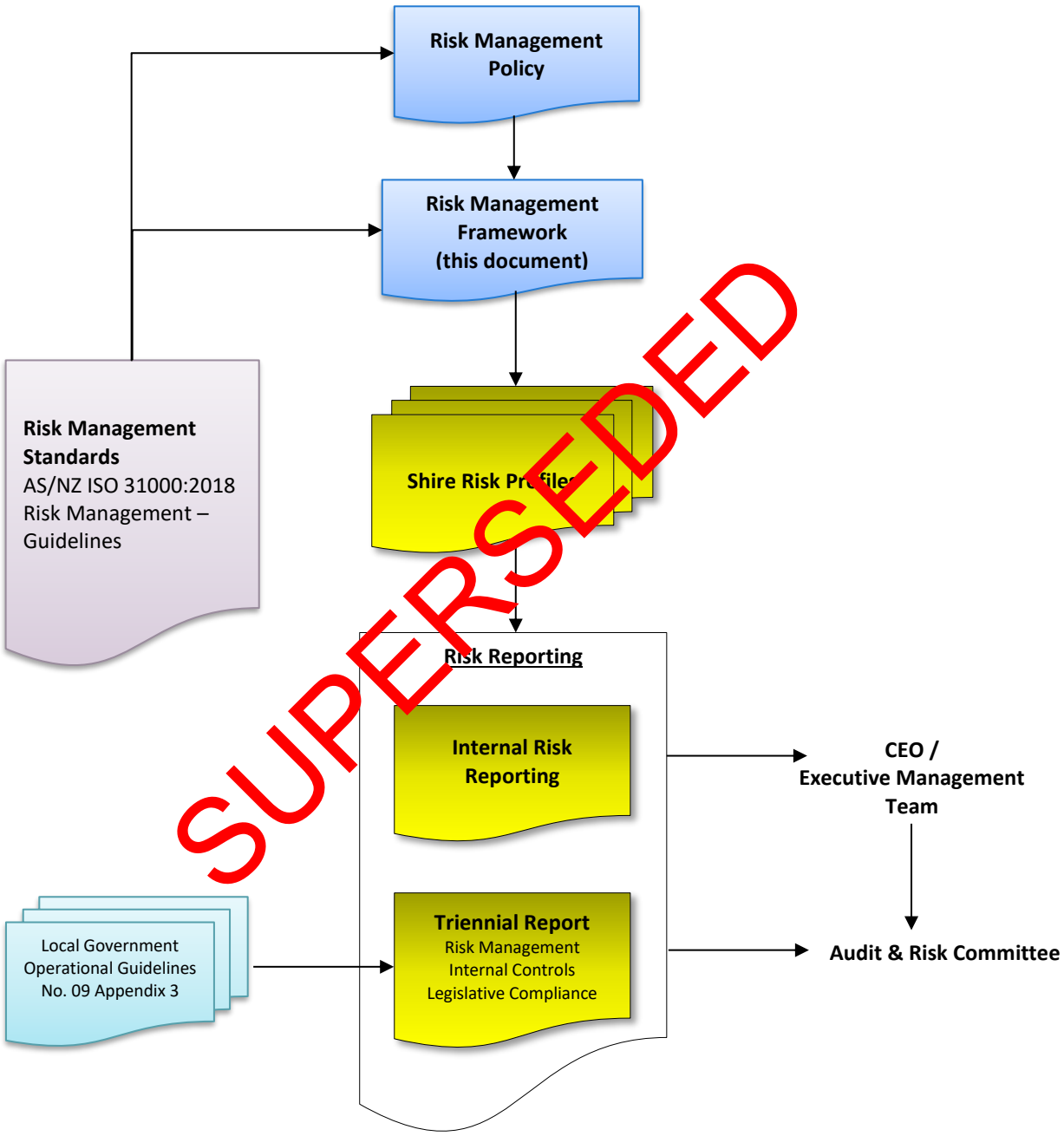


Figure 3: Document Structure

RISK MANAGEMENT PROCEDURES

All work areas of the Council are required to assess and manage the Risk Profiles on an ongoing basis.

Each Manager, in conjunction with the Senior Corporate Governance Officer is accountable for ensuring that Risk Profiles are:

- Reflective of the material risk landscape of the Council.
- Reviewed on at least a 3-year rotation, or sooner if there has been a material restructure or change in the risk and control environment.
- Maintained in the standard format.

This process is supported using key data inputs, workshops, and ongoing business engagement.

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

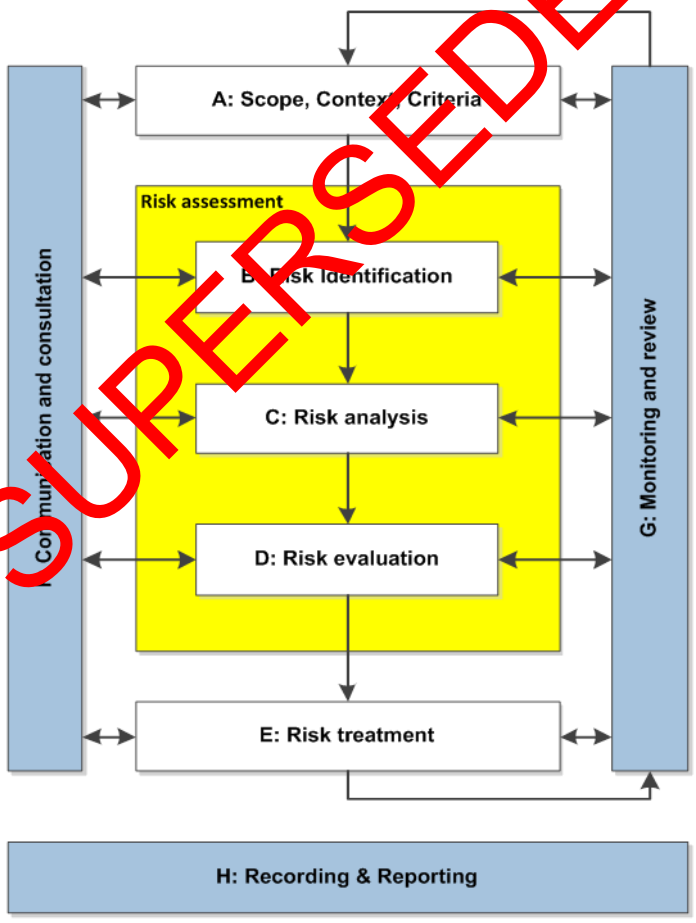


Figure 4: Risk Management Process ISO 31000:2018

Shire of Dardanup

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 Council has three levels of risk assessment context:

Strategic Context (known as Strategic Risks)

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

Operational Context (known as Operational Risks)

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

These Risk Profiles are expected to change over time. To ensure consistency, any amendments must be approved by the Executive Management Team.

Project Context

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

Project Risk has two main components:

- Direct 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 Council from meeting its objectives.
- Indirect refers to the risks which threaten the delivery of project outcomes.

In addition to understanding what is to be assessed, it is also important to understand who are the key stakeholders or areas of expertise that may need to be included within the risk assessment.

Shire of Dardanup

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 Council from achieving its goals. This step is also where opportunities for enhancement or gain across the organisation can be found.

These questions / 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 – describe 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 – 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 – is an assessed level of raw or untreated risk; that is the natural risk level without using controls or mitigations to reduce its impact or severity.

In relation to the Risk Profiles, the overall inherent risk will be determined based on industry guidance (for example Local Government Insurance Services WA) and assessed against the Shire's Measure of Consequence and Likelihood risk tables. This further demonstrates that with effective controls the overall level of risk to Council is reduced.

Controls – are measures that modify risk. 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, measurable, and auditable?

Consequences – impacts to the Shire. These can be staff, visitor, or contractor injuries; financial; interruption to services; non-compliance; damage to reputation or assets or the environment. There is no need to determine the level of impact at this stage.

C: Risk Analysis

To analyse identified risks, the Council'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 it is 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 / 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 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 Council'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 Council. 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 Shires 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 regular monitoring.
- The Shire will generally not accept risks with an extreme residual risk rating. However, if risk is accepted, then all treatment plans to be explored and implemented where possible, managed by highest level of authority (Council) and subject to continuous monitoring.

If a decision is required outside of the above parameters, Executive Management Team 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'. This can be captured on the Risk Profile.
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 Senior Corporate Governance Officer is to review the risk information and acceptance decision with the treatment now noted as a control and those risks that are acceptable then become subject to the monitor and review process (refer to Risk Acceptance section).

F: Communication & 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 / 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 & Review

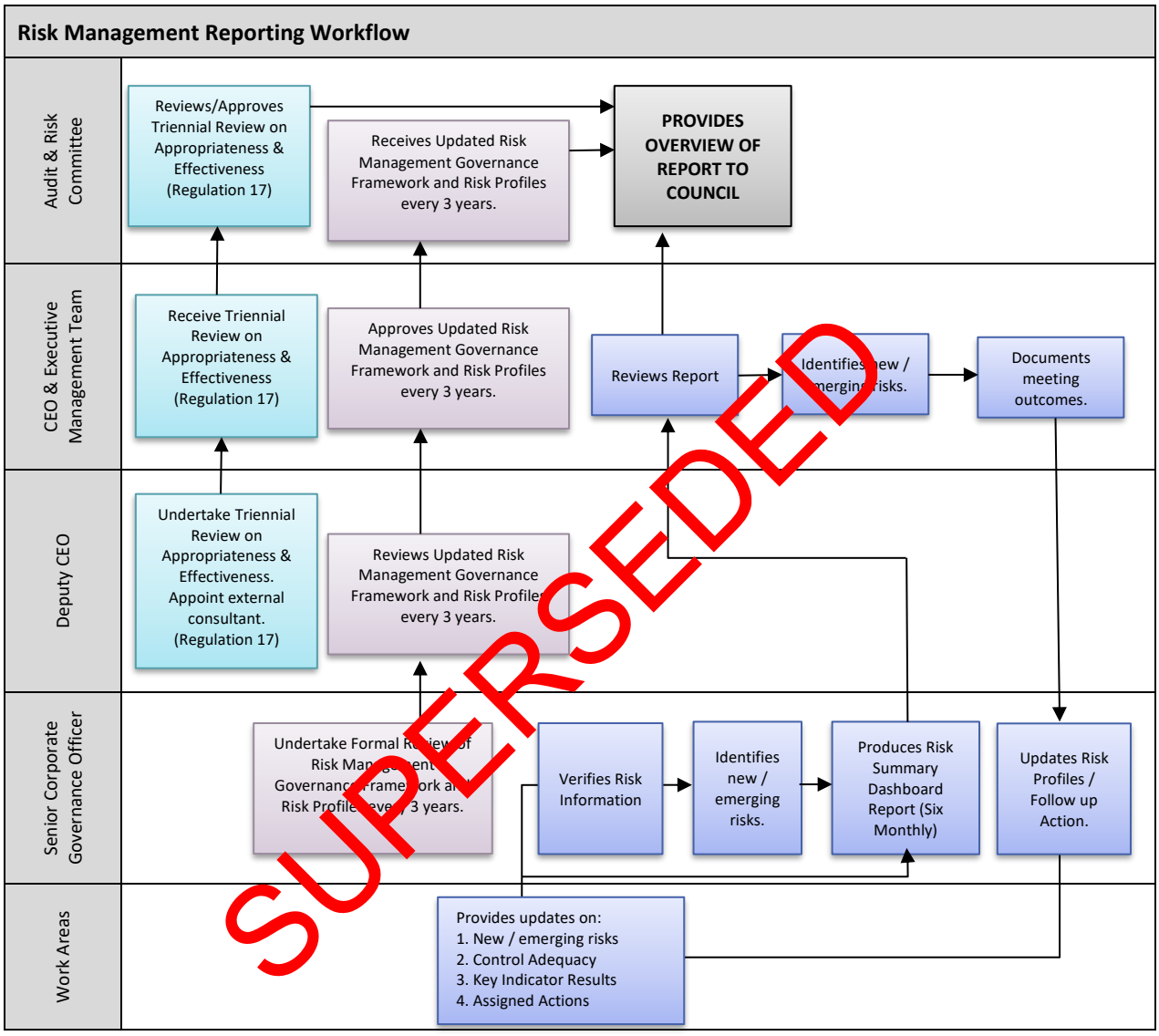
It is essential to monitor and review the management of risks, as changing circumstances may result in some risks increasing or decreasing in significance.

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

During the review reporting process, management are required to review any risks within their area and follow up on controls and treatments / action 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: Recording & Reporting

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



Work Areas

- Continually provide updates in relation to new, emerging risks, control effectiveness and key indicator performance to the Senior Corporate Governance Officer.
- Work through assigned actions and provide relevant updates to the Senior Corporate Governance Officer.
- Risks / Issues reported to the CEO & Executive Management Team are reflective of the current risk and control environment.

Senior Corporate Governance Officer

- Ensuring the Risk Management Governance Framework and the Risk Profiles are formally reviewed and updated, at least on a 3-year rotation or earlier when there has been a material restructure, change in risk ownership or change in the external environment.

- Six monthly Risk Dashboard Reporting for the CEO & Executive Management Team – contains an overview of the Risk Summary for the Council through the Audit and Risk Committee.
- Ensuring the Annual Compliance Audit Return completion and lodgement by the 31 March each year by the Manager Governance & HR.

Deputy CEO

- Ensuring the Regulation 17 triennial review on the appropriateness and effectiveness of the Council's systems and procedures in relation to risk management, internal control and legislative compliance is undertaken. The CEO is to report to the Audit and Risk Committee the results of that review,
- Reviews the proposed changes to the Risk Management Governance Framework and the Risk Profiles, as part of the 3-year review process, prior to acceptance by EMT.

CEO/Executive Management Team

- Approves the six-Monthly Risk Dashboard Report, together with any new or emerging risks, and key indicator performances.
- Approves changes to the Risk Management Governance Framework and the Risk Profiles, as part of the 3-year review process, prior to acceptance by Council.

Audit & Risk Committee

- 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 (Regulation 17). The committee will report to Council the results of that review including a copy of the Chief Executive Officer's report.
- Receive the six-monthly Risk Dashboard Report and report to Council the results of that report.
- Receive the updated Risk Management Governance Framework and recommend for Council approval.

KEY INDICATORS

Key Indicators may be used for monitoring and validating key risks and controls. The following describes the process for the creation and reporting of Key Indicators:

- Identification
- Validity of Source
- Tolerances
- Monitor & Review

Identification

The following represent the minimum standards when identifying appropriate Key Indicators:

- The risk description and casual factors are fully understood.
- The Key Indicator is fully relevant to the risk or control.
- Predictive Key Indicators are adopted wherever possible.
- Key Indicators provide adequate coverage over monitoring key risks and controls.

Validity of Source

In all cases an assessment of the data quality, integrity and frequency must be completed to ensure that the Key Indicator data is relevant to the risk or control.

Where possible the source of the data (data owner) should be independent to the risk owner. Overlapping Key Indicators can be used to provide a level of assurance on data integrity.

If the data or source changes during the life of the Key Indicator, the data is required to be revalidated to ensure reporting of the Key Indicator against a consistent baseline.

Tolerances

Tolerances are based on the Council's Risk Appetite. They are set and agreed over three levels:

- Green – within appetite; no action required.
- Amber – the Key Indicators must be closely monitored, and relevant actions set and implemented to bring the measure back within the green tolerance.
- Red – outside risk appetite; the Key Indicator must be escalated to the CEO & Executive Management Team where appropriate management actions are to be set and implemented to bring the measure back within appetite.

Monitor & Review

All active Key Indicators are updated as per their stated frequency of the data source.

When monitoring and reviewing Key Indicators, the overall trend must be considered over a longer timeframe than that of individual data movements only. The trend of the Key Indicators is specifically used as an input to the risk and control assessment.

Shire of Dardanup

RISK PROFILES

Operational Risks

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

RISK PROFILE	RISK DESCRIPTION
1. Asset Sustainability	Failure or reduction in service of infrastructure assets, plant, equipment, or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets during their lifecycle from procurement to disposal.
2. Business and Community Disruption	Failure to adequately prepare and respond to events that cause disruption to the local community and / or normal business activities. This could be a natural disaster, weather event, or an act carried out by an external party (e.g. sabotage / terrorism) and/or pandemic.
3. Compliance	Failure to correctly identify, interpret, assess, respond, and communicate laws and regulations as a result of an inadequate compliance framework. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated internal & public domain legal documentation. It includes (amongst others) the Local Government Act, Planning & Development Act, Health Act, Building Act, Dog Act, Cat Act, Freedom of Information Act, and all other legislative based obligations for Local Government.
4. Document Management Processes	Failure to adequately capture, store, archive, retrieve, provide, or dispose of documentation.
5. Employment Practices	Failure to effectively manage human resources (full-time, part-time, casuals, temporary and volunteers).
6. Community Engagement	Failure to maintain effective working relationships with the Community (including local Media), Stakeholders, Key Private Sector Companies, Government Agencies and Elected Members. This includes activities where communication, feedback or consultation is required and where it is in the best interests to do so.
7. Environment Management	Inadequate prevention, identification, enforcement, and management of environmental issues.

Shire of Dardanup

RISK PROFILE	RISK DESCRIPTION
8. Errors, Omissions and Delays	Errors, omissions, or delays in operational activities as a result of unintentional errors or failure to follow due process including incomplete, inadequate or inaccuracies in advisory activities to customers or internal staff.
9. External Theft and Fraud (includes Cyber Crime)	Loss of funds, assets, data, or unauthorised access, (whether attempted or successful) by external parties, through any means (including electronic), for the purposes of fraud, malicious damage or theft.
10. Management of Facilities, Venues, Events and Services	Failure to effectively manage the day-to-day operations of facilities, venues, events, and services.
11. IT, Communications Systems and Infrastructure	Instability, degradation of performance, or other failure of IT or communication system or infrastructure causing the inability to continue business activities and provide services to the community.
12. Misconduct	Intentional activities in excess of authority granted to an employee, which circumvent endorsed policies, procedures, or delegated authority
13. Project Management	Inadequate analysis, design, delivery and reporting of projects.
14. Change Management	Inadequate understanding of change management. This includes the inability to prepare, support, and help individuals and teams in making organisational change.
15. Purchasing and Supply	Inadequate management of external Suppliers, Contractors, IT Vendors or Consultants engaged for operations. This includes issues that arise from the ongoing supply of services or failures in contract management & monitoring processes.
16. Work Health and Safety (WHS)	Non-compliance with the Workplace Health & Safety Act, associated Regulations and standards. It is also the inability to ensure the physical security requirements of staff, contractors, and visitors.

Appendix A – Risk Assessment and Acceptance Criteria

Shire of Dardanup Measures of Consequence							
Rating (Level)	**Health**	**Financial Impact**	**Service Interruption**	**Legal and Compliance**	**Reputational**	**Environmental**	**Property**
Insignificant (1)	Near miss Minor first aid injuries	Less than $10,000	No material service interruption - backlog cleared < 6 hours	**Compliance** - No noticeable regulatory or statutory impact. **Legal** - Threat of litigation requiring small compensation. **Contract** - No effect on contract performance.	Unsubstantiated, low impact, low profile or 'no news' item. **Example:** Gossip, Facebook item seen by limited persons.	Contained, reversible impact managed by on site response.	Inconsequential or no damage.
Minor (2)	Medical type injuries	$10,001 - $50,000	Short term temporary interruption – backlog cleared < 1 day	**Compliance** - Some temporary non compliances. **Legal** - Single minor litigation. **Contract** - Results in meeting between two parties in which one party expresses concern.	Substantiated, low impact, low news item. **Example:** Local paper / Industry news article, Facebook item seen by multiple groups.	Contained, reversible impact managed by internal response.	Localised damage rectified by routine internal procedures.
Moderate (3)	Lost time injury <30 days	$50,001 - $300,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	**Compliance** - Short term non compliance but with significant regulatory requirements imposed. **Legal** - Single moderate litigation or numerous minor litigations. **Contract** - Receive verbal advice that, if breaches continue, a default notice may be issued.	Substantiated, public embarrassment, moderate impact, moderate news profile. **Example:** State-wide paper, TV News story.	Contained, reversible impact managed by external agencies.	Localised damage requiring external resources to rectify.
Major (4)	Long-term disability/ multiple injuries Lost time injury >30 days	$300,001 - $1.5 million	Prolonged interruption of services – additional resources; performance affected < 1 month	**Compliance** - Non-compliance results in termination of services or imposed penalties. **Legal** - Single major litigation or numerous moderate litigations. **Contract** - Receive/issue written notice threatening termination if not rectified.	Substantiated, public embarrassment, high impact, high news profile, third party actions. **Example:** Australia wide news stories. Regulatory / Political commentary involvement.	Uncontained, reversible impact managed by a coordinated response from external agencies.	Significant damage requiring internal & external resources to rectify.
Catastrophic (5)	Fatality, permanent disability	More than $1.5 million	Indeterminate prolonged interruption of services – non-performance > 1 month	**Compliance** - Non-compliance results in litigation, criminal charges or significant damages or penalties. **Legal** - Numerous major litigations. **Contract** - Termination of contract for default.	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions. **Example:** Worldwide news, Focused articles (e.g. 60 minutes). Regulatory / Political oversight and involvement.	Uncontained, irreversible impact.	Extensive damage requiring prolonged period of restitution. Complete loss of plant, equipment & building.

Measures of Likelihood			
Level	**Rating**	**Description**	**Frequency**
5	**Almost Certain**	The event is expected to occur in most circumstances	The event is expected to occur more than once per year
4	**Likely**	The event will probably occur in most circumstances	The event will probably occur at least once per year
3	**Possible**	The event should occur at some time	The event should occur at least once in 3 years
2	**Unlikely**	The event could occur at some time	The event could occur at least once in 10 years
1	**Rare**	The event may only occur in exceptional circumstances	The event is not expected to occur more than once in 15 years

Risk Matrix						
Consequence / **Likelihood**		**Insignificant**	**Minor**	**Moderate**	**Major**	**Catastrophic**
		1	**2**	**3**	**4**	**5**
Almost Certain	**5**	**Moderate (5)**	**Moderate (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)**	**Moderate (10)**
Rare	**1**	**Low (1)**	**Low (2)**	**Low (3)**	**Low (4)**	**Moderate (5)**

Risk Acceptance Criteria				
Risk Rank	**Description**	**Criteria**	**Responsibility**	**Entered on Risk Register**
LOW (1 – 4)	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Staff Member / Supervisor	No
MODERATE (5 – 11)	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Supervisor / Manager	No
HIGH (12 – 19)	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	Manager / Director / EMT	Yes
EXTREME (20 – 25)	Unacceptable	Risk generally not acceptable. However, if risk is accepted, then all treatment plans to be explored and implemented where possible, managed by highest level of authority (Council) and subject to continuous monitoring.	EMT / CEO / Council	Yes

Existing Controls Ratings			
Rating	**Foreseeable**	**Description**	
Effective	More than what a reasonable person would be expected to do in the circumstances. There is little scope for improvement.	**Documentation**	Processes (Controls) fully documented, with accountable 'Control Owner'.
		Operating Effectiveness	Subject to ongoing monitoring and compliance to process is assured.
		Design Effectiveness	Reviewed and tested regularly.
Adequate	Only what a reasonable person would be expected to do in the circumstances. There is some scope for improvement.	**Documentation**	Processes (Controls) partially documented, with a clear 'Control Owner'.
		Operating Effectiveness	Limited monitoring, ad-hoc approach and compliance to process is generally in place.
		Design Effectiveness	Reviewed and tested, but not regularly.
Inadequate	Less than what a reasonable person would be expected to do in the circumstance. There is a need for improvement or action.	**Documentation**	Processes (Controls) not documented or no clear 'Control Owner'.
		Operating Effectiveness	No monitoring or compliance to process is not assured.
		Design Effectiveness	Have not been reviewed or tested for some time.

Appendix B – Risk Profile Template

Risk Theme	Date
What could go right/wrong? Definition of theme	

Causal Factors: (What could cause it to go right/wrong? List of potential causes	Potential Outcomes Measures of Consequence (Health, Financial Impact, Service Interruption, Legal and Compliance, Reputational, Environmental and Property)

Inherent Risk: Overall risk without considering key controls	Consequence	Likelihood	Risk Rating

Key Controls (What we have in place to prevent it going wrong)	Type	Date	Control Operating Effectiveness
List of Controls	Preventative Detective Recovery		Effective Adequate Inadequate Not Rated

Overall Control Effectiveness:	This is the value of the combined key controls in mitigating the risk

Residual Risk: Value of the combined key controls in mitigating the risk	Consequence	Likelihood	Risk Rating

Risk Acceptance:	Determines whether the risk is within acceptable levels and what (if any) high level actions or treatments need to be implemented

Actions / Treatments	Due Date	Responsibility
List current issues/actions/treatments		

Indicators (These would 'indicate' to us that something has gone right/wrong)	Type	Benchmark
List of Indicators	Lagging Leading	

Comments

Appendix C – Controls Assurance

Controls Assurance						
Control Owner	Control is documented?	Control is understood?	Control is up to date?	Control is relevant?	Control data, quality & integrity have been validated?	Comments

Status of Actions			Comments
Has the Risk Rating Changed since the last review?			Comments
	Consequence:		
	Likelihood:		
Risk rating trend since last review			
Result	Better or worse than Benchmark?	Trend since last review?	Comments

Appendix D – Risk Dashboard Report

SHIRE OF DARDANUP
Risk Dashboard

Risk Profile Theme	Risk Ratings		Risk Evaluation	
	Inherent Risk		Control Effectiveness	
	Residual Risk		Risk Acceptance	
	Risk Responsibility			
Current Treatment Plan (Action)		Due Date	Responsibility	

Risk Profile Theme	Risk Ratings		Risk Evaluation	
	Inherent Risk		Control Effectiveness	
	Residual Risk		Risk Acceptance	
	Risk Responsibility			
Current Actions		Due Date	Responsibility	

Appendix E – Risk Register

Shire of Dardanup

RISK REGISTER [YEAR]

Executive Summary

This Risk Register has been compiled in accordance with PR036 Risk Management, which directs that 'where the outcome is High or Extreme the finding is to be disclosed'.

No	Context	Risk Description	Risk Theme Profile	Summary Risk Treatment Plan	Likelihood	Consequence	Risk Rating

Appendix F – Risk Management Policy

POLICY NUMBER & TITLE	AP023 RISK MANAGEMENT
Responsible Directorate	Executive Services

1. PURPOSE OR OBJECTIVE

The objective of this policy is to state the Shire of Dardanup's intention 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.

The Shire is committed to the principles of managing risk as outlined in *AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines*, by maintaining a risk management process that deals with identification, analysis, evaluation, treatment, monitoring, reviewing, recording, and reporting of risk.

To ensure that sound risk management practices and procedures are fully integrated into the Shire of Dardanup's strategic and operational planning processes and day to day business practices.

2. DEFINITIONS

Definitions are taken as those in the *AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines*.

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, project, product, or process).*
Risk Management	Coordinated activities to direct and control an organisation with regard to risk.
Risk Management Framework	A set of guidelines that provide foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
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.

3. POLICY STATEMENT

It is the Shire's policy to strive to achieve the best practices it can, in the management of all risks that may affect the Shire meeting its objectives.

Risk management functions will be resourced to match the size and scale of the Shire's operations and will form part of the strategic, operational, and project responsibilities and be incorporated within the Shire's Risk Management Governance Framework.

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

The following points provide detail on the objective specifics:

- Optimises the achievement of the Shire's values, strategies, goals, and objectives.
- Aligns with and assists the implementation of Shire policies.
- Provides transparent and formal oversight of the risk and control environment enabling effective decision-making.
- Reflects risk versus return considerations within the Shire's risk appetite.
- Embeds appropriate and effective controls to mitigate risk.
- Achieves effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhances organisational resilience.
- Identifies and provides for the continuity of critical operations.

Roles and Responsibilities

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 and the Shire's Risk Management Governance Framework at least biennially, or in response to a material event or change in circumstances.

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

Risk Acceptance and Acceptance Criteria (Risk Tables)

The Shire has quantified its broad risk appetite through the Shire's Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Governance Framework.

All organisational risks are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making.

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.

Regular reports from the Shire of Dardanup Risk Profile Reporting Tool will be provided to the Executive Management Team on the status of risk management within the organisation and identify the need for specific areas of action or review. A summarised dashboard report will be provided to the Audit and Risk Committee, as detailed in the Risk Management Governance Framework.

In addition, the Executive Management Team will communicate with Shire employees in order to ensure they are informed and aware of the risks identified that may impact upon the annual operational and strategic plans.

This policy will be kept under review by the Executive Management Team and be formally reviewed biennially. The Directors, Managers and Employees of the Shire of Dardanup are committed to the implementation of an enterprise-wide risk management approach to identify and manage all risks and opportunities associated with the performance of the Shire of Dardanup functions and the delivery of services.

To achieve this policy a risk management strategy has been developed for the organisation. In implementing this strategy, the Shire of Dardanup will actively:

- Identify and prioritise all strategic and operational risks and opportunities using the risk management process.
- Ensure risk management becomes part of day-to-day management and processes.
- Provide staff with the policies and procedures necessary to manage risks.
- Ensure staff are aware of risks and how to identify, assess and control them; and
- Compile and monitor a register of operational and strategic risks to achieve continuous improvement in risk management.

Management and staff are to be familiar with, and competent in, the application of risk management principles and practices and are accountable for applying them within their areas of responsibility.

The following risk categories are to be considered in application of this policy:

- Health
- Financial Impact
- Service Interruption
- Legal and Compliance
- Reputational
- Environment
- Property

Specific responsibilities are:

- Chief Executive Officer – Promote risk management as a vital business principle.
- Directors and Operational Managers
    - Manage implementation and maintenance of the risk management policy in their areas of responsibility and create an environment where staff are responsible for and actively involved in managing risk.
    - Implement and review the risk management strategy and provide advice in relation to risk management matters.
    - To facilitate training on the implementation of risk management.
- Executive Management Team
    - Consult and communicate with the Chief Executive Officer in relation to the identification of risks, reviews of identified risks and controls, and the documentation of risks.

The risk management policy and process will be supported by the Executive Management Team, to assist with the implementation, promotion, review and maintenance of this policy and the associated risk management strategy. The risk management policy, strategy and the strategic risk register shall be reviewed by the Audit & Risk Committee.

4. DOCUMENT CONTROL

DOCUMENT RESPONSIBILITIES:			
Owner:	Senior Corporate Governance Officer		
Reviewer:	Deputy Chief Executive Officer	Decision Maker:	CEO/EMT
COMPLIANCE REQUIREMENTS:			
Legislation:	*Local Government Act 1995*		

Other (Plans, Strategies, Policies, Procedures, Standards, Promapp, Delegations):	PR036 - Risk Management Australian Standard AS/NZS ISO 310000:2018 – Risk Management – Principles and Guidelines Shire of Dardanup Risk Management Governance Framework Shire of Dardanup Risk Profile Reporting Tool

DOCUMENT MANAGEMENT:			
Risk Rating:	Moderate	Records Ref:	R0000774456
Review Frequency	Triennial	Next Due:	30-05-2026

Version #	**Date & Decision Reference:**	**Synopsis:**
1	24-07-2013 OCM Res: 240/13	EXEC42 Council Policy Created
2	25-01-2017 OCM Res: 02/17	EXEC42 Superseded
3	25-01-2017 OCM Res: 02/17	AP023 New Admin Policy Document endorsed
4	14-08-2019 OCM Res: 250/19	AP023 Updated as part of the Risk Management Governance Framework
5	30-05-2023 EMT	AP023 Updated as part of the 3 yearly Risk Management Governance Framework review and endorsed by EMT/CEO.

Note: Changes to Compliance Requirements may be made without the need to take the Policy to EMT/CEO for review.

Appendix G – Risk Management Procedure

PROCEDURE NO & TITLE	PR036 RISK MANAGEMENT
Responsible Directorate	Executive Services

1. PURPOSE OR OBJECTIVE

The Shire of Dardanup acknowledges that there is a level of risk associated with the projection of the creation and the maintenance of assets and services.

Officers are guided to assess the level of risk by using the Shire of Dardanup Risk Management Governance Framework (the Framework), inclusive of Administration Policy AP023 and Australian Standard AS/NZS ISO 31000:2018 – Risk Management – Principles and Guidelines.

2. DEFINITIONS

Definitions are taken as those in the *AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines*.

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, project, product, or process).*
Risk Management	Coordinated activities to direct and control an organisation with regard to risk.
Risk Management Framework	A set of guidelines that provide foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
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.

3. PROCEDURE

3.1 Reference to Risk:

The Risk Management Governance Framework provides direction for officers with assessing the risk of all operational and strategic decisions. These decisions include all decisions made under delegated authority and or referred to a Council Committee or an Ordinary Meeting of Council.

Officer reports will identify if there is a likelihood of risk associated with the item subject of the report and advise the outcome of the risk analysis in accordance with the Framework.

Council and committee reports will include a reference to risk, explaining if a risk has been identified and how the risk is to be managed.

3.2 How to Reference Risk for Council Decision Making Process:

Reports will include notation that the Risk Management Governance Framework has been considered in arriving at recommendations to Council. This includes a formalised risk assessment, using the risk tables noted in the Framework, to demonstrate how the officer determined the risk rating.

The level of risk will then be categorised in accordance with the following three-tiered approach:

Tier 1: Should no discernible Risk be identified (no Risk Theme or Consequence identified) a notation to that effect to be included in the Council report. An example is Council receiving a Status Report.

Tier 2: Should a Risk be determined as 'Moderate' or 'Low' a brief notation/commentary will state this. No treatment or action will emanate as a result of the Moderate or Low rating. This would cover many of the 'standard' reports to Council such as Accounts for Payment, Planning reports with uncomplicated legislative compliance, minor Policy updates etc.

Tier 3: Reports with an identified 'High' or 'Extreme' Risk would be matters with significant legal implications or complex issues such as Tenders, large contract renewals, major plant purchases or projects where there is a significant value/budget or time component involved may also be presented in this manner.

Officers that are involved in the agenda item writing process should familiarise themselves with the Framework and its associated risk tables to ensure that risk assessment has been considered in arriving at recommendations to Council.

3.3 Risk Action:

Action, if any is to be recommended with regard to treatment of the risk or to not proceed with the project.

3.4 Risk Register:

Where the residual risk is high or extreme the finding is to be disclosed in the Risk Register.

4. DOCUMENT CONTROL

DOCUMENT RESPONSIBILITIES:			
Owner:	Senior Corporate Governance Officer		
Reviewer:	Deputy Chief Executive Officer	Decision Maker:	CEO
COMPLIANCE REQUIREMENTS:			
Legislation:	*Local Government Act 1995*		
Other (Plans, Strategies, Policies, Procedures, Standards, Promapp, Delegations):	AP023 - Risk Management AS/NZS ISO 31000:2018 – Risk Management – Principles and Guidelines. Shire of Dardanup Risk Management Governance Framework Shire of Dardanup Risk Profile Reporting Tool		
DOCUMENT MANAGEMENT:			
Risk Rating:	Low	Records Ref:	R0000774596
Review Frequency	Triennial	Next Due:	30-05-2026

Version #	**Date & Decision Reference:**	**Synopsis:**
1	25-01-2017 OCM Res: 02/17	PR036 Procedure endorsed by Council
2	14-08-2019 OCM Res: 250/19	PR036 Procedure reviewed and updated as part of the Risk Management Governance Framework
3	30-05-2023 EMT/CEO	PR036 Procedure reviewed and updated as part of the Risk Management Governance Framework and endorsed by CEO

Note: Changes to Compliance Requirements may be made without the need to take the Procedure to EMT/CEO for review.

RISK ASSESSMENT TOOL

AGENDA TITLE: *2026 Risk Management Governance Framework*

RISK THEME PROFILE:

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

RISK ASSESSMENT CONTEXT: Strategic

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATEMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	Failure to maintain a contemporary and effective Risk Management Governance Framework may reduce the Shire's ability to identify, assess and manage financial risks, potentially resulting in unplanned financial losses, ineffective resource allocation, cost overruns, procurement issues, or increased insurance and claims exposure.	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	Inadequate risk management processes may increase the likelihood of operational disruptions and impacts to service delivery.	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Failure to periodically review and maintain the Framework may result in risk management practices becoming inconsistent with contemporary	Major (4)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATEMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
	governance standards, legislative obligations and recognised best practice.							
REPUTATIONAL	An outdated or ineffective risk management framework may undermine stakeholder confidence in the Shire's governance arrangements and decision-making processes.	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
PROPERTY	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

Appendix ARIC: 10.7A

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Serving the Public Interest

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PERTH WA 6849

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Our Ref: 8658

Ms Natalie Hopkins
Acting Chief Executive Officer
Shire of Dardanup
P O Box 7016
EATON WA 6232

Email: natalie@dardanup.wa.gov.au

Dear Ms Hopkins

ANNUAL FINANCIAL REPORT
INTERIM AUDIT RESULTS FOR THE YEAR ENDED 30 JUNE 2026

We have completed the interim audit for the year ended 30 June 2026. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to evaluate the overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal control, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

The result of the interim audit was satisfactory. An audit is not designed to identify all internal control deficiencies that may require management attention. It is possible that irregularities and deficiencies may have occurred and not been identified as a result of our audit.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the President. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7551 if you would like to discuss these matters further.

Yours faithfully

Suraj Karki
Acting Director
Financial Audit
27 July 2026

Attach

Appendix ARIC:10.7B

RISK ASSESSMENT TOOL

OVERALL RISK EVENT: Annual Financial Report – Interim Audit Results for the Year Ending 30 June 2026

RISK THEME PROFILE:

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)
8 - Errors, Omissions and Delays
12 - Misconduct
Choose an item.

RISK ASSESSMENT CONTEXT: Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATEMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Not presenting the Interim Audit Results for the year ending 30 June 2026 to the Audit and Risk Committee (and subsequently Council).	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Council's reputation could be seen in a negative light for not being open and transparent with disclosing findings from the Auditor General.	Minor (2)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
NVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
PROPERTY	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

RISK ASSESSMENT TOOL

OVERALL RISK EVENT: Business Continuity Plan

RISK THEME PROFILE:

2 - Business and Community Disruption

Choose an item.

Choose an item.

Choose an item.

RISK ASSESSMENT CONTEXT: Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATEMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	The budget allocation of $12,000 is based on a $10,000 quote from early 2025. The costs may have increased.	Moderate (3)	Possible (3)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Non-compliance with the Audit, Risk and Improvement Committee's Terms of Reference and specific committee objective to receive a summary report on the testing of the Shire's BCP.	Moderate (3)	Possible (3)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	The Shire's reputation could be negatively impacted for not adhering to objectives prescribed in the Audit, Risk and Improvement Committee's Terms of Reference.	Moderate (3)	Possible (3)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	(No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

(Appendix ARIC: 10.8)

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATEMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
PROPERTY	(No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.