



Our Vision

"Broome - a future for everyone."

AGENDA

FOR THE

AUDIT AND RISK COMMITTEE MEETING

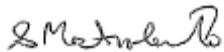
19 APRIL 2021

NOTICE OF MEETING

Dear Council Member,

The next Audit and Risk Committee of Council will be held on Monday, 19 April 2021 in the Committee Room, Corner Weld and Haas Streets, Broome, commencing at 2:00 PM.

Regards,



S MASTROLEMO
Chief Executive Officer

16/04/2021

Our Mission

"To deliver affordable and quality Local Government services."

DISCLAIMER

The purpose of Council Meetings is to discuss, and where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a Member or Officer, or on the content of any discussion occurring, during the course of the meeting.

Persons should be aware that the provisions in section 5.25 of the *Local Government Act 1995* establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person. The Shire of Broome expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a Member or Officer, or the content of any discussion occurring, during the course of the Council meeting.

Should you require this document in an alternative format please contact us.

SHIRE OF BROOME
AUDIT AND RISK COMMITTEE MEETING
MONDAY 19 APRIL 2021
INDEX – AGENDA

1.	OFFICIAL OPENING	4
2.	ATTENDANCE AND APOLOGIES	4
3.	DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY	4
4.	CONFIRMATION OF MINUTES	4
5.	REPORT OF OFFICERS.....	5
	5.1 3RD QUARTER FINANCE AND COSTING REVIEW 2020-21	5
	5.2 RISK MANAGEMENT POLICY REVIEW AND UPDATE	24
6.	MEETING CLOSURE.....	41

1. OFFICIAL OPENING**2. ATTENDANCE AND APOLOGIES****3. DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY****4. CONFIRMATION OF MINUTES****RECOMMENDATION:**

That the Minutes of the Audit and Risk Committee held on 10 February 2021, as published and circulated, be confirmed as a true and accurate record of that meeting.

5. REPORT OF OFFICERS

5.1 3RD QUARTER FINANCE AND COSTING REVIEW 2020-21

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	FRE02
AUTHOR:	Manager Financial Services
CONTRIBUTOR/S:	Nil
RESPONSIBLE OFFICER:	Acting Director Corporate Services
DISCLOSURE OF INTEREST:	Nil

SUMMARY:

The Audit and Risk Committee is requested to consider results of the 3rd Quarter Finance and Costing Review (FACR) of the Shire's budget for the period ended 31 March 2021, including forecast estimates and budget recommendations to 30 June 2021.

BACKGROUND

Previous Considerations

OMC 25 June 2020	Item 9.3.2
OMC 19 November 2020	Item 10.1
OMC 25 February 2021	Item 9.4.8

Quarter 3 Finance and Costing Review

The Shire of Broome has carried out its 3rd Quarter FACR for the 2020-21 financial year. This review of the 2020-21 Annual Budget is based on actuals and commitments for the nine months ending 31 March 2021, and forecasts for the remainder of the financial year.

The FACR aims to highlight over and under expenditure of funds and over and under achievement of income targets for the benefit of Executive and Responsible Officers to ensure good fiscal management of their projects and programs.

Once this process is completed, a report is compiled identifying budgets requiring amendments to be adopted by Council. Additionally, a summary provides the financial impact of all proposed budget amendments to the Shire of Broome's adopted end-of-year forecast, to assist Council to make an informed decision.

It should be noted that the 2020-21 annual budget was adopted at the Ordinary Meeting of Council on 25 June 2020 as a balanced budget.

COMMENT

The Quarter 3 FACR occurred on 8 April 2021. The results from this process indicated a forecast deficit financial position to 30 June 2021 of **\$173,509** should Council approve the proposed budget amendments. This is down **\$166,080** from the Q2 FACR forecast net deficit of **\$339,589**.

The above figure represents a budget forecast should all expenditure and income occur as expected. It does not represent the actual end-of-year position, which can only be determined as part of the financial year's normal annual financial processes.

The **\$166,080** savings is net of **\$168,940** of organisational savings that the Shire would typically quarantine to reserves rather than offsetting against departmental surplus of deficit. However, the **\$339,589** starting net deficit referred to above included **\$230,018** of organisational expenses. Rather than transferring the organisational savings identified in Q3 to reserve, this was used to reduce the organisational expenses identified to date.

Management will focus on controlling the forecast deficit and is confident that through strong financial management and controls the deficit can be addressed by June 30.

A comprehensive list of accounts (refer to Attachment 1) has been included for perusal by the committee, summarised by Directorate.

A summary of the results is as follows:

SHIRE OF BROOME SUMMARY REPORT							
BUDGET IMPACT							
	Adopted Budget	YTD Budget Amendments	FACR Q3 Overall Amendments	FACR Q3 Org. Expense/ (Savings)	FACR Q3 Residual Deficit/ (Savings)	YTD Impact	
Executive - Total	0	29,830	(48,000)	(20,000)	(28,000)	1,830	
Corporate Services - Total	0	605,652	46,000	46,000	0	605,652	
Development and Community- Total	0	(304)	(111,740)	(77,000)	(34,740)	(35,044)	
Infrastructure Services - Total	0	(452,534)	(52,340)	(117,940)	65,600	(386,934)	
Offset Q1 and Q2 Org Expenses				168,940	(168,940)	(168,940)	
Impact of Other Council budget amendments †	0	156,945	0	0	0	156,945	
	0,000*	339,589	(166,080)	(0)	(166,080)	173,509	

<u>Income Items</u>	<u>Deficit/(Surplus)</u>
Fees & Charges Levied Rec'd	(165,940)
Other Revenue Rec'd	(26,186)
Transfer From Reserves (Cap Accts)	(22,000)
Interest Rec'd From All Sources	(12,000)
Operating Grants, Subsidies, Contributions, & Reimb Rec'd	16,460
Non Operating Grants & Subsidies Rec'd	155,721
<u>Expense Items</u>	
Materials & Contracts	(684,510)
Utilities Expenses	(24,000)
Other Expenses	13,500
Insurance Exps (Not Workers Comp)	60,000
Employee Exps (Inc Workers Comp, Excl. Overheads)	74,348
Transfer to Reserve (Cap Accts)	448,527
Net Deficit/(Surplus)	(166,080)

A total of 107 budget amendments were proposed at Q3 FACR, which made up the \$166,080 net surplus for the quarter. There is no single transaction to which this net surplus is attributed. However, the most significant amendments among these are as follows:

Income Items

- \$165K net increase in fees and charges revenue due to additional interim rates, building and planning fees from increased subdivisions and residential property improvements. Sport and recreation fees are also expected to increase, leading to the sporting season.
- \$26K increase in other revenue due to workers' compensation and government parental leave reimbursements
- \$22K reserve transferred in to fund the BRAC and Civic Centre improved business systems
- \$12K reduction in operating grants expected to be received from the State Library due to change in the funding structure
- \$155K reduction in capital grants for McDaniel and Herbert-Saville roundabout projects upon completing the projects at a lower total cost

Expense Items

- \$155K reduction in capital grants for Herbert-Saville and McDaniel projects
- \$685K net savings in materials and contracts
 - \$271K savings from Herbert-Saville and McDaniel
 - \$165K Air Conditioner renewals transferred to reserves
 - \$150K Frederick Street drainage savings transferred to reserves
- \$24K savings to date in power and water charges
- \$13K net increase in other expenses due to \$80K increase in tip fees despite \$66K savings in various community sponsorship expenditure for Cable Beach Polo and Broome Visitor Centre
- \$60K increase in insurance due to increase in reinsurance rates of assets above the 26th parallel, insurance for new infrastructure and property together with increased declared values of the Shire's fleet
- \$74K increase in employment costs (funded from relief staff budget).
- \$449K additional transfer to reserves from savings from Air Conditioner Renewals and Frederick Street drainage work.

CONSULTATION

All amendments have been proposed after consultation with Executive and responsible officers at the Shire.

STATUTORY ENVIRONMENT

Local Government (Financial Management) Regulation 1996

r33A. Review of Budget

- (1) *Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.*
- (2A) *The review of an annual budget for a financial year must —*
 - (a) *consider the local government's financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and*

- (b) consider the local government's financial position as at the date of the review; and
- (c) review the outcomes for the end of that financial year that are forecast in the budget.
- (2) Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the Council.
- (3) A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.

*Absolute majority required.

- (4) Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.

Local Government Act 1995

6.8. Expenditure from municipal fund not included in annual budget

- 1) A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —
 - (a) is incurred in a financial year before the adoption of the annual budget by the local government;
 - (b) is authorised in advance by resolution*; or
 - (c) is authorised in advance by the mayor or president in an emergency.
- (1a) In subsection (1) —

"additional purpose" means a purpose for which no expenditure estimate is included in the local government's annual budget.

POLICY IMPLICATIONS

Nil.

It should be noted that according to the materiality threshold set at the budget adoption, should a deficit achieve 1% of Shire's operating revenue (\$394,804) the Shire must formulate an action plan to remedy the over expenditure.

FINANCIAL IMPLICATIONS

The Quarter 3 FACR estimated net result is a budget deficit position of **\$173,509** to 30 June 2021.

RISK

The Finance and Costing Review (FACR) seeks to provide the best estimate of the end-of-year position for the Shire of Broome at 30 June 2021. The report contains recommendations of amendments to budgets that have financial implications on the estimate of the end-of-year position.

The review does not, however, seek to make amendments below the materiality threshold unless strictly necessary. The materiality thresholds are set at \$10,000 for operating budgets and \$20,000 for capital budgets. Should several accounts exceed their budget within these thresholds, it poses a risk that the predicted final end-of-year position may be understated.

To mitigate this risk, the CEO enacted the FACRs to run quarterly, and the Executive Management Group examine each job and account to ensure compliance. Also, the monthly report provides variance reporting highlighting any discrepancies against budget.

It should also be noted that should Council decide not to adopt the recommendations. It could lead to some initiatives being delayed or cancelled to offset the additional expenditure associated with running the Shire's operations.

STRATEGIC CORPORATE PLAN OBJECTIVES

Performance – We will deliver excellent governance, service and value, for everyone.

Outcome Thirteen - Value for money from rates and long term financial sustainability:

Outcome Fourteen – Excellence in organisational performance and service delivery:

VOTING REQUIREMENTS

Absolute Majority

REPORT RECOMMENDATION:

That the Audit and Risk Committee recommends that Council:

- 1. Receives the Quarter 3 Finance and Costing Review Report for the period ended 31 March 2021;*
- 2. Adopts the operating and capital budget amendment recommendations for the year ended 30 June 2021 as attached; and*
- 3. Notes a forecast end-of-year deficit position to 30 June 2021 of **\$173,509**.*

Attachments

1. 2020-2021 Quarter 3 Finance and Costing Review

SHIRE OF BROOME SUMMARY REPORT						
BUDGET IMPACT						
	Adopted Budget	YTD Budget Amendments	FACR Q3 Overall Amendments	FACR Q3 Org. Expense/ (Savings)	FACR Q3 Residual Deficit/ (Savings)	YTD Impact
Executive - Total	0	29,830	(48,000)	(20,000)	(28,000)	1,830
Corporate Services - Total	0	605,652	46,000	46,000	0	605,652
Development and Community- Total	0	(304)	(111,740)	(77,000)	(34,740)	(35,044)
Infrastructure Services - Total	0	(452,534)	(52,340)	(117,940)	65,600	(386,934)
Offset Q1 and Q2 Org Expenses				168,940	(168,940)	(168,940)
Impact of Other Council budget amendments †	0	156,945	0	0	0	156,945
	0,000*	339,589	(166,080)	(0)	(166,080)	173,509

*Council adopted the annual budget with a predicted end-of-year balanced budget, which included previous year carried forward surplus

**Please note that should the Forecast budget predict a deficit greater than 1% of budgeted operating revenue excluding grants and contributions for assets, and profit on sale of assets (\$394,804), an action plan to remedy the situation will be prepared in accordance with Item 9.3.2 of June OMC on Materiality Threshold.

† Includes all additional Council adopted budget amendments year-to-date, excluding any previous FACRs

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2020-21										
Account	Job	IE Code	Description	2020/21 Current Budget	2020/21 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve movement	Amendment Description	Org Savings
OFFICE OF THE CEO										
ADMIN1 - Chief Executive Officer - S Mastrolembo										
22121		34	Kimberley Zone - SOB's Members Costs - Op Exp - Kimberley Zone	12,000	1,800	-8,000	4,000		Savings due to more meetings being held by videoconference. Two meetings remaining for the FY, to be held in Broome and Derby.	
22124		58	Contribution to Kimberley Zone Secretariat	55,000	50,000	-5,000	50,000		Annual member contribution was reduced to only \$51.5k this year.	
22125		34	WARCA (WA Regional Capitals Alliance) - Op Exp - Other Governance	35,000	24,343	-8,000	27,000		Savings due to more meetings held by Video Conferencing with the last meeting hosted in Broome.	
22230		341	Legal Exps Op Exp - Other Governance	25,000	2,130	-20,000	5,000	0	Legal expense savings	(20,000)
				127,000	78,273	(41,000)	86,000	0		(20,000)
ADMIN2 - Personal Assistant To CEO - L Berkrey										
24020		34	Shire President & CEO Special Travel - Op Exp - Members	11,000	1,679	-7,000	4,000		Reduce the budget to cover only one remaining trip to Perth in Q4	
				11,000	1,679	(7,000)	4,000	0		0
CS3 - Manager People and Culture - S Parker										
142015		61	All Employee Centrelink Paid Parental Leave - Op Exp - Gen Admin O'Heads	10,000	25,651	15,000	25,000		Parental leave payments offset by income in Acct 0142395	
142395		14	All Employee Paid Parental Leave Reimb - Op Inc - Gen Admin O'Heads	- 10,000	- 24,143	-15,000	- 25,000		Parental leave reimbursements from Centrelink offset by expense in Acct 0142015	
				0	1,508	0	0	0		0
ES7 - Special Projects Coordinator - J Macmath										
				0	0	0	0	0		0
OVERALL OFFICE OF THE CEO - DEPT. SAVINGS/EXPENSE						-48,000	OCEO - ORG. SAVINGS/EXPENSE -20,000			
RESERVE MOVEMENT - OFFICE OF THE CEO								0		
OFFICE OF THE CEO - NET IMPACT (EXC. ORG.SAVINGS/EXPENSE)								-28,000		
DEVELOPMENT & COMMUNITY										
BRAC1 - Manager Sport & Recreation - C Zepnick										
113391		02	Haynes Oval & Pavilion Income - Op Inc	- 100,000	- 3,215	-50,000	- 150,000		20/21 balance by the end of the financial year would include the 19/20 second half invoice that wasn't accrued	
117002	117180	61	Salary - Group Fitness - Op Exp - BRAC Aquatic	-	1,797	10,000	10,000		Reallocation of BRAC salary accounts	
117002	117182	61	Salary - Swimming Lessons - Op Exp - BRAC Aquatic	73,158	22,072	-30,000	43,158		Reallocation of BRAC salary accounts	

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2020-21										
Account	Job	IE Code	Description	2020/21 Current Budget	2020/21 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve movement	Amendment Description	Org Savings
117002	117002	61	Salary - Lifeguard - Op Exp - BRAC Aquatic	164,592	87,054	30,000	194,592		Reallocation of BRAC salary accounts	
117004	117057	61	Salary & Related Customer Service Officer Expense	199,111	54,113	-70,000	129,111		Reallocation of BRAC salary accounts	
117004	117055	61	Salary & Related Duty Manager Expense - BRAC	141,754	97,394	60,000	201,754		Reallocation of BRAC salary accounts	
117004	117054	61	Salaries & Related BRAC Admin & Management Staff Exps	259,301	87,472	-30,000	229,301		Reallocation of BRAC salary accounts	
117160		61	Salary - Op Exp - BRAC Dry	-	17	15,000	15,000		Creche salary expenses - Reallocation of BRAC salary accounts	
117171		61	Salary - Op Exp - Holiday Prog Exps - BRAC Dry	35,009	5,541	-5,000	30,009		Reallocation of BRAC salary accounts	
1140201		61	Salary - Op Exp - Swim Areas & Beach Life Guard	5,000	8,479	45,000	50,000		Operation of life guard service in house for the short term partly funded by the budget for external lifeguard services plus salary savings.	
1140211		34	General Operating Exp - Swim Areas & Beach Life Guard	230,000	189,204	-25,000	205,000		Tenders received but no suitable offers. Transfer funds for salaries to operate service in house.	
117049		34	Rubbish & Recycling - Op Exp - BRAC - Genera	10,000	14,863	5,000	15,000		Increased cost of bin collections	
117146		34	Netball Expenses - Op Exp - BRAC - Dry	5,000	8,474	2,000	7,000		Increase additional term of mixed netball competition. Corresponds with increase in income 117246.	
117246		02	Netball BRAC Program - Op Inc - BRAC Dry	- 18,000	- 20,694	-4,000	- 22,000		Increased income due to additional term. Corresponds with increased exp in 117146.	
117148		34	Group Fitness Program - Op Exp - BRAC - Aquatic	8,000	10,056	5,000	13,000		Have utilised contractors more than group fitness staff.	
117266		02	Multipurpose Room Hire Inc - BRAC	- 3,000	- 5,223	-4,000	- 7,000		Increased usage/hires	
117275		02	Stadium Venue Hire Inc. Rec'd - Op Inc - Dry BRAC	- 30,000	- 22,195	-5,000	- 35,000		Increased revenue expected coming into the busier time of the year. BNA, BBA, Kimberley Cup.	
117300	117365	34	Building New Construction Expense - BRAC Dry - Cap Exp	681,220	706,370	28,000	709,220		Increase the expenditure budget for the Netball and Basketball Clubs' contribution received and adjusted in Q2	
				1,661,145	1,241,580	(23,000)	1,638,145	0		0
BS1 - Manager Planning & Building Services - L Fouché										
106030	106055	34	Planning General Project Consult - Op Exp Town Planning/Reg Dev	223,510	158,163	8,000	231,510		Increase in budget to Include the review of the Housing Strategy	8,000
106039		34	Planning Appeals - Op Exp - Town Planning/ Regional Devel	10,000	7,776	10,000	20,000		Unanticipated increase in various legal expenses from current major projects	10,000

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2020-21										
Account	Job	IE Code	Description	2020/21 Current Budget	2020/21 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve movement	Amendment Description	Org Savings
106410		04	Planning Fees (GST Free) - Op Inc - Town Planning/Regional Devel	- 60,000	- 67,172	-15,000	- 75,000		Tracking ahead of expected income.	-15,000
106421		02	Rezoning and Structure Plan Fees (Excl GST) - Op Inc - Town Planning	- 5,000	-	-30,000	- 35,000		2 Structure Plans (\$20K) & 2 LDPs (\$15K). Increase by \$30K.	-30,000
133015		34	Consultants - Op Exp - Building Control	10,000	4,409	5,000	15,000		To cover external Building Surveyor Consultant costs while Building Surveyor is absent from work. Also covers Shire Project Work and Level 1 signoffs. Increase by \$5,000 for consultant work until new Building Surveyor commences.	5,000
133410		04	Stat Fees & Lic - Building Permits	- 70,000	- 85,672	-25,000	- 95,000		Tracking ahead of anticipated building permit income.	-25,000
133440		04	Stat Fees & Lic - Pool Inspections	- 100,975	- 102,988	-5,000	- 105,975		Tracking ahead of anticipated income coming into the busier period of commercial pool inspections	-5,000
				7,535	(85,485)	(52,000)	(44,465)	0		0 (52,000)
CMS2 - Manager Community & Economic Development - M Davis				0	0	0	0	0		0
REQ36 - Youth & Community Development Officer - C Lawton				0	0	0	0	0		0
CMS3 - Events and Economic Development Coordinator - J Hatch										
22174		58	Sundry In Kind Donations Op Exp - Other Governance	250,000	190,609	-46,500	203,500		Savings from cancellation of the Cable Beach Polo 2021 proposed to be transferred to building reserves.	
132950		43	Transfer to Building Reserve - Tourism & Area Promotion	-	-	46,500	46,500	46,500	Savings from cancellation of the Cable Beach Polo 2021 proposed to be transferred to building reserves.	

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2020-21										
Account	Job	IE Code	Description	2020/21 Current Budget	2020/21 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve movement	Amendment Description	Org Savings
132070		58	Broome Visitor Centre - Annual Subsidy - Op Exp - Tourism & Area Promot	260,000	-	-15,000	245,000		To adjust the budget for BVC subsidy to equal to the \$125,000 cash funding and approximately \$120,000 ex GST of unpaid outgoings to be written off as per March OMC resolution. The difference between the Council resolution value (\$245,000) and the original budget (\$260,000) represents a \$15,000 saving.	-15,000
				510,000	190,609	(15,000)	495,000	46,500		(15,000)
CMS4 - Venue Supervisor - S Bowra										
116541		026	Broome Civic Centre Venue Income - Op Income - Bme Civic Centre	75,000	72,115	-15,000	90,000		Income account is exceeding expectations. Anticipated additional income based on productions for the remainder of the year.	
				(75,000)	(72,115)	(15,000)	(90,000)	0		0
HS1 - Manager Health & Ranger Services - S Martin										
51401		14	Bush Fire Brigade FESA Operating Grant - Op Inc - Volunteer Bush Fire Brigade	5,000	8,105	-3,000	8,000		To adjust the total actual grants received	

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2020-21										
Account	Job	IE Code	Description	2020/21 Current Budget	2020/21 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve movement	Amendment Description	Org Savings
52040		34	Pound Fees Animal Destruction & Disposal - Op Exp - Animal Control	70,000	36,115	-10,000	60,000		Reduced pound fees due to increased homing/ collection by owners. Expected costs at the rate of \$4500/m for March to June on top of YTD plus contingency	-10,000
53015		34	Relief Staff Exp - Op Exp - Ranger Operations	45,000	51,603	8,000	53,000		Costs of casual Ranger backfilling Ranger vacancy to be funded by salary savings	
51010		61	Salaries - Op Exp - Fire Prevention	330,551	33,881	-8,000	322,551		Salary savings to fund relief staff costs of rangers	
75020		34	Mosquito Control & Pest Control - Op Exp - Preventive Service-Pest Control	14,000	16,033	3,000	17,000		Unplanned venue hire of Broome Lotteries House for the 2021 Mosquito Management Course.	
				454,551	129,526	(10,000)	444,551	0		(10,000)
LS1 - Acting Library Coordinator - A Morris										
115280		34	Grant Program Expenses - Op Exp - Library (Income in 115480)	21,564	8,407	-6,900	14,664		Reduction in expense due to reduction in the expected grant funding.	
115480		11	Grant Program Income - Op Inc - Library (Expense in 115280)	- 15,660	-	10,160	- 5,500		Only the grants for the Children's Book Week Grant \$5500 is expected to be received with reduced funding that would have covered the expense above and some salary costs	
115286		34	SLWA Travel & Accommodation Op Exp - Library	6,300	-	-6,300	-		No grants received this FY. 100% grant funded.	
115380		11	Grant Op - State SLWA Library Grant	- 6,300	-	6,300	-		Funding is now from SLWA Travel Grants for library staff to attend training at SLWA.	
				21,564	8,407	(6,900)	14,664	0		0
OVERALL DEVELOPMENT & COMMUNITY - DEPT. SAVINGS/EXPENSE						-111,740	DEV & COM - ORG. SAVINGS/EXPENSE			-77,000
RESERVE MOVEMENT - DEVELOPMENT & COMMUNITY								46,500		
DEVELOPMENT & COMMUNITY - NET IMPACT (EXC. ORG.SAVINGS/EXPENSE)								-34,740		
CORPORATE SERVICES										
BA - Coordinator Financial Services - A Wamasooriya										
				0	0	0	0	0		0

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2020-21										
Account	Job	IE Code	Description	2020/21 Current Budget	2020/21 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve movement	Amendment Description	Org Savings
CS2 - Manager Financial Services - A Santiago										
30105		01	Rates Broome - Op Inc - Rates	- 23,273,321	- 23,298,612	-40,000	- 23,313,321		Increased rates from property subdivisions but also offset with back rates in 32492	-40,000
30201		23	Rates Non Payment Int - Op Inc - Rates	- 50,000	- 62,316	-12,000	- 62,000		Interest levied on defaulting ratepayers not on financial hardship	-12,000
32480		02	Rates Enquiry Fees - Op Inc - Rates	- 27,720	- 37,895	-6,000	- 33,720		Increased rates inquiry fees due to increased property sales activity	-6,000
32492		01	Back Rates - Op Inc - Rates	-	13,924	14,000	14,000		Interim adjustments that offset account 30105.	14,000
142004		61	Salary - Op Exp - Finance	843,471	634,674	-10,000	833,471		Salary savings to fund the relief staff incurred on Creditors Officer	
142193		34	Relief Staff - Op Exp - Finance - Corp. Gov. & Support	53,000	62,155	10,000	63,000		To adjust the budget based on actual costs to date incurred for relief staff. No on-going relief staff arrangements in place after the filling the Creditors Officer role	
				(22,454,570)	(22,688,070)	(44,000)	(22,498,570)	0		(44,000)
CS4 - Manager Governance - D Kennedy										
23453		34	Review of Strategies Relating to the Community Strategic Plan - Op Exp - Other Gov	80,000	108,209	30,000	110,000		2020 Community Survey moved from CEO consulting to SCP G/L	30,000
142260		39	Insurance - Op Exp - General Administration O'Heads	190,586	260,717	60,000	250,586		Insurance budget inadvertently reduced at the Q1 FACR for properties who took on self-insurance. \$100K variance in insurance less \$40K savings in workers compensation insurance	60,000
				270,586	368,926	90,000	360,586	0		90,000
CS6 - Manager Information Technology - J Hawks										
146122		34	Software >\$5000 Cap Exp - IT	184,205	53,982	22,000	206,205		Required capital expenditure for BRAC & Civic Centre Business Software funded from reserves	
146166		26	Transfer From Equip & Ins Reserve - IT Ops - Cap Inc	- 140,000	-	-22,000	- 162,000		Required capital expenditure for BRAC & Civic Centre Business Software funded from reserves	
142012		34	Relieving Staff Exp - DCS - Gen Admin	102,348	-	-102,348	-		RO: CS1 - Acting Director Corporate Services - D Kennedy Business Systems Improvement Coordinator budget moved to IT salaries account.	

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2020-21										
Account	Job	IE Code	Description	2020/21 Current Budget	2020/21 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve movement	Amendment Description	Org Savings
146105		61	Salary - Op Exp - IT	347,590	281,448	102,348	449,938		Adjustment required for Level 5 Business systems project officer \$87,076 from DCS account 142012	
				449,938	281,448	0	449,938	0		0
OVERALL CORPORATE SERVICES - DEPT. SAVINGS/EXPENSE						46,000			CORP SERV - ORG. SAVINGS/EXPENSE	46,000
RESERVE MOVEMENT - CORPORATE SERVICES								0		
CORPORATE SERVICES - NET IMPACT (EXC. ORG.SAVINGS/EXPENSE)								0		
INFRASTRUCTURE SERVICES										
								1,456,992		
ES1 - Director Infrastructure - A Graffen										
125251		10	Carparks LRCI Grant - Cap Inc - Cons Carparks	296,936	745,610	-806,556	1,103,492		Total income from Phase 1 and Phase 2 \$1,465,992 less \$362,500 not to be received until 21/22. Any unspent amounts are restricted for next year.	
125251		25	Carparks LRCI Grant - Cap Inc - Cons Carparks	-	-	806,556	806,556		Total income from Phase 1 and Phase 2 \$1,465,992 less \$362,500 not to be received until 21/22. Any unspent amounts are restricted for next year.	
				(296,936)	(745,610)	0	(296,936)	0		0
REQ73 Project Engineer - P Hinde										
				0	0	0	0	0		0
ES3 - Manager Works - J Welshman										
145103		34	Plant Parts & Repairs - Op Exp - Plant Operation	300,000	319,631	60,000	360,000		Unanticipated increase in plant repairs to be funded from plant fuel savings to date	
145105		34	Plant Fuel & Oil - Op Exp - Plant Operation	330,000	204,498	-60,000	270,000		Plant fuel savings to fund unanticipated increase in plant repairs	
148060		34	Relief Staff Op Exp - Depot Ops	36,000	51,698	30,000	66,000		Relief staff used to backfill staff resignations utilise wage savings from parks and works	
148279	148279	34	Apprentice Training - Depot	2,500	22,137	20,000	22,500		Traineeship through Nirrumbuk finished in Dec 2020 funded from staff salary savings in parks and works.	
123000		62	Rural Road Maintenance - Op Exp - Rd Maint	136,607	69,353	-50,000	86,607		Salary savings to fund relief staff and apprenticeship positions.	
				666,000	575,827	0	696,000	0		0

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2020-21										
Account	Job	IE Code	Description	2020/21 Current Budget	2020/21 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve movement	Amendment Description	Org Savings
ES5 - Works Coordinator - D Greaves										
122000	121028	34	Sector 5 Roebuck Est - Works Maint	40,044	17,056	-10,000	30,044		Savings from Roebuck Estate Maintenance Account transferred to Renewal Capital Account for additional work in Sanderling Drive.	
126000	126036	58	Sector 3 Old Broome- Operating	10,000	21,845	80,000	90,000		Increase in tip fees of drainage and roads maintenance following the change in charges from volume-based to weight-based.	
				50,044	38,901	70,000	120,044	0		0
ES6 - Senior Project Engineer - Luke McKenzie										
113561	RU666	34	Federal Black Spot - Herbert / Saville Roundabout - NEW- Capex	635,099	472,803	-162,235	472,864		Savings in materials and contracts which also reduces expected grants this year. Freed up grants can be made available in future years.	-101,286
121763		10	Black Spot Non Op Grant (Commonwealth/Federal)	487,922	72,835	87,213	400,709		Lesser grants equivalent to \$162K reduction in materials and contracts less \$75K of engineering costs claimed against the grant	
121000	121560	34	McDaniel Rd - Archer to Ward Stage 1 New Rd Const - Cap Exp	3,166,185	3,057,149	-109,036	3,057,149		Project delivered within budget but grant funding lesser than originally anticipated at completion.	-40,528
121776		10	Rds To Recovery Non Op Grant for Urban Rds - Non Op Inc	652,738	576,120	76,618	576,120		Grant funding lesser than originally anticipated at completion.	

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2020-21										
Account	Job	IE Code	Description	2020/21 Current Budget	2020/21 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve movement	Amendment Description	Org Savings
121778		10	Regional Rd Group (RRG) Rural Rd Const Funding - Non Op Inc-Rd Const	- 1,503,556	- 1,431,666	-8,110	1,511,666		Increase to \$1,511,666 following recent correspondence from MRWA. Subject to change upon confirmation of the predicted 21/22 RPG split.	
121100	RU555	34	Old Broome Road/ Gus Winckel Road Upgrade - Capex	135,682	109,418	-26,265	109,418		Project delivered within budget. Savings to be used for McDaniel grant shortfall.	
				1,292,750	1,558,749	(141,814)	1,150,936	0		(141,814)
ES9 - Manager Engineering - P Collins										
104600	104795	34	Frederick (KBR Report) - Infa Cap Exp	161,654	12,259	-149,154	12,500		Savings realised through internal delivery of the project and proposed to be transferred to reserves which funded the project	
104281		43	Transfer to Drainage Reserve - Cap Exp - Urban Stormwater Drainage	153,551	4,045	149,154	302,705	149,154	Savings from Frederick drainage project due to delivery using internal resources rather than contractors	
				315,205	16,304	0	315,205	149,154		0
PK3 - Parks Coordinator - C Hankinson										
116283	116284	34	Women of Pearling Statue Maint - Op Exp - Other Culture	9,180	300	-5,000	4,180		Savings from parks and gardens materials	
113000	113075	34	Sugar Glider Park - P&G Maint	6,200	681	-5,000	1,200		Savings from parks and gardens materials	
113000	113080	34	Six Season Park - P&G Maint	9,270	1,643	-5,000	4,270		Savings from parks and gardens materials	
113000	113582	34	Solway Park - P&G Maint	9,250	3,232	-5,000	4,250		Savings from parks and gardens materials	
113000	113045	34	Gibson Park - P&G Maint	7,610	633	-5,000	2,610		Savings from parks and gardens materials	
113000	113077	34	Januburu Park - P&G Maint	13,650	7,326	-5,000	8,650		Savings from parks and gardens materials	
113000	113031	34	Palm Leaf Beetle- P&G Maint	9,000	164	-5,000	4,000		Savings from parks and gardens materials	
113000	113073	34	Maritana Park - P&G Maint	1,970	5,442	5,000	6,970		Installation of 24 station controller	

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2020-21										
Account	Job	IE Code	Description	2020/21 Current Budget	2020/21 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve movement	Amendment Description	Org Savings
142000	142054	34	Shire Office Haas St - P & G Maint	7,310	1,671	-5,000	2,310		Savings from parks and gardens materials	
143384		14	Reimbursements - W. Comp & Sundry No GST P & G Ops - Op Inc	-	12,012	-13,000	13,000		Workers' compensation reimbursement to cover cost backfilling of staff	
147270	147271	34	KRO - P&G Maint	2,330	6,856	6,000	8,330		Garden bed renovating required in June.	
				75,770	15,935	(42,000)	33,770	0		0
PM2 - Asset and Building Coordinator -M Mitchell										
53036	53046	34	Surf Club - Reactive Maint - Op Exp	- 500	2,854	5,000	4,500		Budget adjustment to match the actual expenditure	
101080	101084	34	WMF - Operating Expense - Op Exp	29,700	11,055	-11,500	18,200		Savings due to new security contract RFT20/07	
107071	107071	34	Male Oval Ablutions - Operating Expense - Op Exp	41,000	24,679	-5,000	36,000		Savings due to new Security Contract RFT 20/07	
107666	107768	34	Gantheume Toilet Block Renewal Inc Furn & Services - Build Cap Exp	60,000	-	-60,000	-		Renewal funds no longer likely to be spent after Yawuru Park Council secured funding to undertake the works. Savings to be transferred to reserves.	
113850		43	Transfer to Building Reserve - Cap Exp - Other Rec & Sport	-	-	60,000	60,000	60,000	Renewal funds no longer likely to be spent after Yawuru Park Council secured funding to undertake the works. Savings to be transferred to reserves.	
115281	115320	34	Library - Operating Expense - Op Exp	62,500	55,237	9,000	71,500		Budget adjustment to match the actual expenditure	
116090	116092	34	Broome Museum - Reactive Maint - Op Exp	- 2,800	1,696	5,600	2,800		Budget adjustment to match the actual expenditure	

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2020-21										
Account	Job	IE Code	Description	2020/21 Current Budget	2020/21 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve movement	Amendment Description	Org Savings
117000	117052	34	BRAC - Operating Expense, Security & Insurance - Op Exp	133,000	103,712	7,000	140,000		Additional security for Basketball carnival, additional staff escorts added to security scope not previously budgeted for	
132129		34	Visitor Centre Renewal (Inc plant & Furn) - Cap Bldg Exp	110,950	82,591	-27,550	83,400		Residual funds from the BVC fencing costs as per August 2020 OMC to be transferred to building reserve .	
132950		43	Transfer to Building Reserve - Tourism & Area Promotion	-	-	27,550	27,550	27,550	Residual funds from the BVC fencing costs as per August 2020 OMC to be transferred to building reserve .	
142000	142000	34	Haas St Office - Operating Expense - Op Exp	95,000	78,899	9,500	104,500		To adjust the budget for the current cleaning contract requirements.	
142558		34	Shire Office Build Haas St Renewal - Cap Exp - Corp Gov	201,323	28,523	-151,323	50,000		Remaining unspent funds for split AC system renewal to be transferred to building reserves for future AMP renewals.	
146662		34	BOSCCA Building Renewal (Inc Plant & Furn) - Cap Exp - Com Fac Leased	4,000	-	-4,000	-		Planned building renewal no longer needed and to be transferred to reserve	
147372		34	Shire Office Barker St - Building Renewal - Cap Exp - Corp Gov Support	10,000	-	-10,000	-		Replacement A/C not required, transfer to reserve	
147457		43	Transfer to Building Reserve - Cap Exp - Unclassified General	447,348	-	165,323	612,671	165,323	Remaining unspent funds for split AC system renewal to be transferred to building reserves for future AMP renewals.	
146054		34	4 Jones Place - Renewal - Community Facilities Leased - Unclassified	-	10,727	11,000	11,000		Planned renewal brought forward which reduces 21/22 building renewal budget by \$10,727	
148100	148296	34	Depot - Operating Expense - Op Exp	40,244	36,051	7,000	47,244		Budget adjustment to match the actual expenditure	
				1,231,765	436,024	37,600	1,269,365	252,873		0
PM3 - Property and Leasing Senior Officer - A Rowett										
111021	111021	52	Lotteries House - Operating Expense - Op Exp	31,216	1,032	-24,000	7,216		Reclassify the budget from IE 52 (Utilities) (Materials) to 32 (Materials)	

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2020-21											
Account	Job	IE Code	Description	2020/21 Current Budget	2020/21 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve movement	Amendment Description	Org Savings	
111021	111021	34	Lotteries House - Operating Expense - Op Exp	-	23,653	24,000	24,000		Reclassify the budget from IE 52 (Utilities) (Materials) to 32 (Materials)		
112483		14	Town Beach Cafe - Rent & Recoup Income - Op Inc	- 6,814	-	4,814	- 2,000		Reduce budget - lease legal fees not recoupable	4,814	
147487		028	Far North Tenancy 10A - KRO1 - Rent & Recoup Income - Op Inc	- 9,000	-	6,300	- 2,700		Only May and June rent can be charged due to abatement from the fit out	6,300	
147491		028	Old Broome Lock Up - Rent & Recoup Income - Op Inc	- 12,760	-	12,760	-		No tenant post April. Removed rent to budget to date.	12,760	
				2,642	24,685	23,874	26,516	0		23,874	
OVERALL INFRASTRUCTURE SERVICES - DEPT. SAVINGS/EXPENSE						-52,340	INFRASTRUCTURE - ORG. SAVINGS/			-117,940	
RESERVE MOVEMENT - INFRASTRUCTURE								402,027			
INFRASTRUCTURE SERVICES - NET IMPACT (EXC. ORG.SAVINGS/EXPENSE)								65,600			
						-166,080					-168,940

5.2 RISK MANAGEMENT POLICY REVIEW AND UPDATE

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	COA01
AUTHOR:	Acting Director Corporate Services
CONTRIBUTOR/S:	Nil
RESPONSIBLE OFFICER:	Acting Director Corporate Services
DISCLOSURE OF INTEREST:	Nil

SUMMARY:

A new risk management policy has been developed to meet the requirements of AS/NZS Risk Management Standard; 31000:2018 and to assist the Shire improve its Risk Management Framework.

The report recommends that the Audit and Risk Committee endorse the policy for Council approval.

BACKGROUNDPrevious Considerations

The Shire first adopted a risk management policy in October 2010. The policy has largely remained the same since this time. The Policy was supported by a Risk Management Strategy that described the detailed process of implementing a Risk Management Framework and associated systems and processes across the Shire.

The Risk Management Policy and Strategy were based on the principles, framework and guidelines as detailed in the AS/NZS Risk Management Standard; 31000:2009. This Standard was updated in 2018.

COMMENT

Many organisations including the Shire of Broome, have found the implementation of a risk management framework a challenging process, and one that has not developed into a business as usual process that can be clearly linked to a reduction in risk events and more importantly being used as a integral tool in the assessment of shire priorities.

With that in mind, a change of approach was required and to that end during 2020 the Shire commenced working remotely with a Risk Management consultant based in Canberra, to refresh the Shire approach to risk management.

Unfortunately, the Corona virus pandemic has prevented the consultant from visiting Broome to complete staff and elected member risk management training, but it is hoped that this will be possible in June of this year.

In the meantime, the Risk Management Policy has been completely rewritten, with a view to providing a concise snap shot of what risk management is, why it is important to the Shire of Broome, the commitment required, an explanation of the approach that will be taken, how the policy will be measured, and the roles and responsibilities for risk management within Council.

Approach

Not all risks are the same and for that reason the Policy breaks risks into three distinct focus groups:

Strategic Risks: defined in the context of Shire of Broome as risks where the causes/contributing factors are outside the control of Council, but, if they were to occur, they may be serious enough to require a revision of the Shire's Strategic Community Plan.

Enterprise (Operational) Risks: are those where the causes are either inside or outside the control of the Shire of Broome, but, if they occur, they will impact on the achievement of the current Strategic Community Plan and Corporate Business Plan strategies.

Project Risks: requires a unique approach, given the significant difference in context. The assessment of project risk requires consideration of schedule, cost and performance within the context of the project. Therefore, the use of a typical risk reference table based on likelihood and consequence is not appropriate.

Rather than one Risk Management Strategy to support the implementation of the Risk Management Policy separate Risk Management Plans for Strategic, Enterprise and Project Risks will be developed. These are currently being drafted and will be presented to the Audit and Risk Committee for endorsement at the next opportunity. The separate Risk Management Plans identify that likelihood needs to be assessed differently between strategic, enterprise and project risk when determining a suitable risk assessment matrix.

Finally, a Strategic Risk Register and Enterprise Risk Register will be established. This is aimed at ensuring that the risk context is set at the correct level and that the focus of control assurance and investment in risk management improvements is aligned to the highest level of risk areas identified.

CONSULTATION

Paladin Risk Management

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996

Regulation 17. CEO to review certain systems and procedures

The CEO is to review the appropriateness and effectiveness of risk management, internal controls and legislative compliance once in every 3 financial years and report results to the audit committee.

POLICY IMPLICATIONS

Nil. Updates existing policy of Council.

FINANCIAL IMPLICATIONS

Nil

RISK

Nil

STRATEGIC CORPORATE PLAN OBJECTIVES

Performance – We will deliver excellent governance, service and value, for everyone.

Outcome Eleven – Effective leadership, advocacy and governance:

11.2 Deliver best practice governance and risk management

VOTING REQUIREMENTS

Simple Majority

REPORT RECOMMENDATION:

That the Audit and Risk Committee recommends that Council adopts the updated Risk Management Policy as attached.

Attachments

1. Risk Management Policy (updated)
2. Risk Management Policy (Existing to be retired)



RISK MANAGEMENT POLICY

27 Weld Street
PO Box 44, Broome, WA 6725

Phone: (08) 9191 3456
Fax: (08) 9191 3455

shire@broome.wa.gov.au
www.broome.wa.gov.au

Table of Contents

General.....	3
Purpose.....	4
Policy Owner, Approver and Review Requirements	4
Why Risk Management is Important to SoB	4
Management Commitment.....	5
Approach	5
Strategic Risk	6
Enterprise (Operational Risk)	6
Project Risk	6
Goal and Sub-goals.....	7
Application.....	8
Policy Statements	8
Measuring Adherence to the Policy	9
Measurement of Performance of the Risk Management Program	10
Roles and Responsibilities for Risk Management within the Council	10
Associated Documents (Under Development)	11

Shire of Broome Risk Management Policy

General

1. The Shire of Broome (SoB) recognises that risk management is fundamental to the organisation achieving its strategic and operational objectives, and that it plays an integral role in day-to-day management and decision making at all levels in the organisation.
2. To enable the Executive (and to a lesser extent Council) to decide on the nature and extent of the risks it is prepared to take to meet its strategic objectives, the organisation must have an appropriate risk management program to identify and manage risk on an ongoing basis. This policy sets out the organisation's approach to risk management, including its approach to identifying and managing risk, the responsibilities of the Council, management and staff within the organisation in relation to risk management, and the resources and processes dedicated to risk management. Everyone has a role to play in the management of risk within SoB, whether as a Risk Owner, a Control Owner, right down to the need for every employee to follow procedures and processes without deviation.
3. The application of effective enterprise-wide risk management practice as a part of the strategic planning and monitoring systems of an organisation ensures that investment decisions are founded on evidence-based decision making and are linked to the strategic directions of the organisation. Good risk management discipline and practice, stress tests the objectives and goals of the SoB, and are to be embedded throughout the organisation.
4. Risk management is viewed as central to SoB's management process, having relevance and linkage to the Integrated Planning and Reporting Framework (Strategic Community Plan, Corporate Business Plan, Annual Budget and associated informing strategies) performance, quality and safety.
5. Effective risk management requires Executive Management and all SoB staff to understand the business risks in their area as part of their day-to-day activities. All staff have a role in managing risk and therefore it is important that all employees of the SoB are familiar with the SoB Risk Management Program.
6. Council is committed to the effective management of risks and ensuring that sufficient resources are available to manage risks within the organisation. Those allocated responsibility for managing risks or being accountable for critical controls must ensure appropriate monitoring and reporting occurs through Council's existing management reporting and governance framework.
7. The effective management of risks plays an important role in shaping Council's strategic direction as outlined in the Council's Strategic Community Plan and thereby contributes to evidence-based decision-making and the successful delivery of Council's objectives.

Purpose

8. The purpose of the risk management policy is to provide information and guidance regarding the management of risk to support the achievement of the strategic and operational objectives, protect staff and business assets and ensure financial sustainability.
9. This Policy provides the over-arching guidance for the SoB risk management program.
10. The Policy and the associated Risk Management Plans are aligned with AS/NZS ISO 31000 2018.

Policy Owner, Approver and Review Requirements

11. The policy owner is the Manager Governance, Strategy & Risk, and it is to be reviewed biennially or when there is any significant change to Council's strategic environment. The Council is the Approver for the Policy.

Why Risk Management is Important to SoB

12. It is not possible to eliminate all risk, however organisations that actively identify and manage risks are more likely to be better prepared to respond quickly to take advantage of an opportunity or to re-focus effort when things go wrong.
13. Accordingly, risk management within SoB is about managing uncertainty and creating an environment where surprises are minimised. When our management of risk goes well it often remains unnoticed. When it fails, the consequences can be significant and high profile.
14. From a SoB perspective, effective risk management can:
 - a. Prevent loss of life/injury;
 - b. Prevent damage to reputation;
 - c. Protect assets/resources;
 - d. Manage legal liability;
 - e. Prevent disruption to SoB operations; and
 - f. Prevent financial loss, including theft and fraud.
15. Risk management will improve SoB's performance by identifying and then mitigating events/incidents that would hinder the achievement of its objectives. The management and communication of risks needs to be an integral part of existing processes and procedures to realise maximum benefit.
16. The key benefit of the application of a robust risk management program, however, is to provide decision makers with the information necessary to make **risk informed decisions**.

Management Commitment

17. The SoB Executive is fully committed to the maintenance of an effective risk management program. In implementing this policy, the Council and Executive is committed to ensuring:

- a. That risk management is an integral part of Council planning and decision-making processes.
- b. There is a consistent approach to the management of risks across SoB.
- c. Clear roles, responsibilities and accountabilities are defined.
- d. All staff with risk management roles and responsibilities are provided with the necessary authority to undertake these responsibilities.
- e. All staff with risk management roles and responsibilities are provided with the necessary skills to undertake these responsibilities.
- f. The resources necessary to achieve the policy outcomes are allocated.
- g. Communication within SoB's stakeholder community in relation to the identification and management of risk is promoted and encouraged.
- h. We are honest with ourselves and with others in relation to the risk exposures and challenges faced by SoB.

18. We also accept that, on occasions, even with sound risk management practices, things may go wrong. On such occasions, we will take the opportunity to review the reasons for the failure and endeavour to further strengthen controls to reduce the likelihood of a reoccurrence.

19. In making this commitment, Council will be well placed to meet our vision and will ensure the credibility and reputation of the organisation within our stakeholder community is of the highest order.

Approach

20. The approach taken by SoB is to centralise the management of strategic and enterprise (operational) risks in order to ensure they are managed holistically, that there are no control gaps, and that duplication is significantly reduced.

21. There will be three distinct areas of focus for the Risk Management Program within SoB, as shown in the diagram below:



22. This Policy covers all these areas of focus.

23. The development and implementation of the risk management program will contribute significantly to the effective governance of SoB. The visibility of risks will provide the Council with a detailed understanding of the SoB risk profile and will assist greatly in decision making.

24. By taking a prudent but positive approach to risk management it will enable the SoB to improve services to the community, improve identification of opportunities as well as threats and vulnerabilities and improve our organisational resilience, operational effectiveness and efficiency.

25. The effective implementation and ongoing maintenance of the risk management program, therefore, requires commitment and leadership from all levels of management within SoB. Council's expectation is that this commitment and leadership will be provided.

Strategic Risk

26. Strategic Risks are defined in the context of SoB as risks where the causes/ contributing factors are outside the control of Council but, if they were to occur, they may be serious enough to require a revision of the Shire's Strategic Community Plan.

Enterprise (Operational Risk)

27. Enterprise (Operational) Risks are those where the causes are either inside or outside the control of SoB, but, if they occur, they will impact on the achievement of the current Strategic Community Plan and Corporate Business Plan strategies.

28. The most important point to note is that there is no such thing as a safety risk, or a reputation risk, or a financial risk etc. they are just risks. These risks, if they materialise, will have multiple consequences, so categorising them as either one type of risk or another significantly detracts from the ability to manage these risks holistically.

29. To that end, there will be no separate risk management plans, or registers, for different "categories" of operational risk (e.g. safety, fraud, IT etc). All enterprise risks will be managed centrally in one register.

Project Risk

30. The management of risk in Projects requires a unique approach, given the significant difference in context. The assessment of project risk requires consideration of schedule, cost and performance within the context of the project so, utilising the enterprise risk context (e.g. Consequence Matrix) is not appropriate.

31. There will, however, be inputs to the management of Enterprise Risks from Projects.

Goal and Sub-goals

Goal

32. The goal of the risk management program within SoB is:

To ensure that the risks facing Shire of Broome are appropriately managed in order to:

- ***protect the interests of the organisation and its many stakeholders;***
- ***assist in the decision-making process; and***
- ***minimise disruption to critical business functions***

33. This goal is further divided into sub-goals.

Sub-Goals

34. As this Policy is incorporating a range of risk environments, the following are the sub-goals for the risk management program within SoB:

- a. *To ensure that SoB is, where possible, protected and/or prepared from threats arising from the external environment.*
- b. *To maintain a working environment for all employees, contractors and visitors that minimises the risks to their health and safety.*
- c. *To prevent fraud where possible, detect fraud as early as practicable and when discovered, demonstrate a zero tolerance to fraudulent behaviour through appropriate response.*
- d. *To protect the information, systems and assets that support the operations of SoB.*
- e. *To ensure organisational resilience through the maintenance of critical business functions during and after disruption related events.*
- f. *To ensure that all information provided to critical stakeholders is accurate, complete and provided in a timely manner.*
- g. *To ensure all Projects delivered by SoB are safe and fit for their intended purpose.*
- h. *To ensure that SoB operations do not adversely affect the environment.*

Application

35. This Risk Management Policy applies to all SoB activities, including:
- a. When conducting any planning activity (strategic, operational or project);
 - b. When assessing specific work health and safety implications or concerns;
 - c. When assessing and managing fraud;
 - d. When conducting significant procurement activities;
 - e. When undertaking business continuity and disaster recovery planning; and
 - f. When assessing protective security requirements.
36. This Policy must be read in conjunction with the applicable SoB Risk Management Plans.

Policy Statements

37. The following policy statements are to be adhered to by all SoB personnel with roles and responsibilities in the SoB risk management program:
- a. Risk is to be considered in any planning process undertaken within SoB.
 - b. The criteria to be used for risk assessments are those detailed in the applicable SoB Risk Management Plan. These plans supersede any risk plans that have been developed previously.
 - c. Accountability for activities within the SoB Risk Management Program will be allocated to those with the levels of authority necessary for decision making.
 - d. All SoB risks are to be recorded and updated within SoB's centralised risk register.
 - e. All personnel with roles and responsibilities within the Risk Management Program are to receive appropriate training
 - f. Those allocated responsibility for managing risks or being accountable for critical controls are to establish and maintain appropriate monitoring and reporting mechanisms.
 - g. Risks are to be reported to the Audit and Risk Committee and the Council quarterly in accordance with the templates within the applicable Risk Management Plan.
 - h. Adjustments to the risk register, including addition of risks, removal of risks and/or changes to risk level are to be endorsed by the Audit and Risk Committee prior to being submitted for approval by the Council.
38. By implementing these policy statements, Council will have a much greater chance of achieving the objectives captured in the Strategic Community Plan. Furthermore, it will provide the Council with visibility of the entire SoB risk profile.

Measuring Adherence to the Policy

39. The following are the performance measures for this policy:

Policy Requirement	Performance Measure	KPI/Target	Data Gathering
Risk is to be considered in any planning process undertaken within SoB.	% of planning activities where risk has been considered and documented in planning documents	100%	Review of plans completed for SoB planning activities
The criteria to be used for risk assessments are those detailed in SoB Risk Management Plans, which supersedes all risk plans that have been developed previously.	% of risk assessments conducted utilising criteria detailed in the Risk Management Plans.	100%	Review of risk assessments completed for SoB activities for alignment to the Risk Management Plans.
Accountability for activities within the Risk Management Plans will be allocated to those with the levels of authority necessary for decision making.	% of personnel assigned roles and responsibilities within the Risk Management Plans that have the necessary level of authority/delegation to undertake the role	100%	Comparison of authority and delegations against accountabilities
All SoB risks are to be recorded and updated within SoB's centralised risk register.	Number of risk registers being used within Departments outside of the centralised risk register	0	Data mining for risk registers across SoB
All personnel with roles and responsibilities within the Risk Management Plans are to receive appropriate training	% of staff with responsibilities within the risk management plans that have received training	100%	Personnel database
Those allocated responsibility for managing risks or being accountable for critical controls are to establish and maintain appropriate monitoring and reporting mechanisms.	% of risks and critical controls with established monitoring and reporting mechanisms	100%	Review of control assurance activities
Risks are to be reported to the Council quarterly using the format specified in the Risk Management Plans.	% of Council reports that include reports on the status of risks	100%	Review of Council Reports
	% of Council reports that are presented in accordance with the format provided in the Risk Management Plans	100%	
Adjustments to the risk register, including addition of risks, removal of risks and/or changes to risk level are to be endorsed by the Audit and Risk Committee prior to being approved by the Council.	% of changes to the risk register that have been endorsed by the appropriate authority	100%	Review of changes to risk register against authorisation

Measurement of Performance of the Risk Management Program

40. The performance of the risk management program will be measured against three distinct criteria:

- a. Compliance with this policy (as detailed above);
- b. Maturity of the risk management program; and
- c. The contribution risk management is making to the achievement of SoB's objectives detailed in the Strategic Community Plan.

41. The full detail of the performance measures for the risk management program are detailed in the applicable Risk Management Plan.

Roles and Responsibilities for Risk Management within the Council

42. The following is a broad overview of the roles and responsibilities for the governance of the risk management program. Detailed roles and responsibilities relating to the management of risks are contained within SoB's Risk Management Plans.

Council	<p>The Council is ultimately accountable for the management of the risk exposures within SoB. Specifically, the Council:</p> <ul style="list-style-type: none"> • Define Council's risk appetite • Establish Council's risk criteria • Manage strategic risks and review actions to address risks • Promote a risk management culture within Council
Audit and Risk Committee	<p>The Audit and Risk Committee is to:</p> <ul style="list-style-type: none"> • Review the effectiveness of the SoB risk management program • Regularly monitor risks as part of a standing item on the consideration of governance issues • Monitor performance of the program against established KPI's • Monitor the effectiveness of critical controls • Provide reports to the Council on audit findings and ensure any recommendations are implemented where agreed

Associated Documents (Under Development)

43. The following are the associated documents that should be read in conjunction with this Policy:

- a. Shire of Broome Risk Management Plan – Strategic Risks
- b. Shire of Broome Risk Management Plan – Enterprise (Operational) Risks
- c. Shire of Broome Risk Management Plan – Project Risks
- d. Shire of Broome Strategic Risk Register
- e. Shire of Broome Enterprise Risk Register

=====

Document Control Box							
Document Responsibilities:							
Owner:	Director Corporate Services			Owner Business Unit:	Corporate Services		
Reviewer:	Manager Governance, Strategy and Risk			Decision Maker:	Council		
Compliance Requirements:							
Legislation:							
Industry:							
Organisational:							
Document Management:							
Risk Rating:	Medium	Review Frequency:	Biennial	Next Due:		Records Ref:	
Version #	Decision Reference:		Synopsis:				
1.							
2.							



Risk Management

Part A

Introduction

The Shire of Broome recognises that as a local government authority it is exposed to a broad range of risks, which if not managed, could adversely impact on the organisation achieving its strategic objectives. Therefore the Shire will implement an enterprise-wide risk management framework and system to identify and address areas of potential risk, where appropriate and practical, within the Shire.

The intent of this policy is to create an environment where Council, management and staff assume responsibility for risk management, through consistent risk management practices.

Policy Objective

1. To protect the Shire of Broome's assets – people, property, reputation, financial sustainability and information.
2. Promote Risk Management principles and practices as a tool to achieve the Shire's strategic goals.
3. Capitalise on opportunities presented and minimise adverse effects of risks.
4. Continually improve the services provided by the Shire of Broome.

Policy Statement

1. The Shire of Broome is committed at all levels to managing risk in accordance with the principles, framework and guidelines as detailed in the AS/NZS Risk Management Standard; 31000:2009.
2. The Shire will implement a Risk Management system, via a comprehensively planned and consistent enterprise-wide program and approach.
3. The Shire will prioritise identified Strategic, Operational and Project-based risks across the organisation and implement treatments, as practicable, based on the level of risk and the effectiveness of the current risk treatments.
4. Ensure Risk Management processes are integrated with current strategic and operational planning processes.
5. Ensure relevant contexts are considered when managing risk, including legislation, political, social and economic factors.

Changes to this document can only be made by the document owner. The electronic version on the internet is the controlled version. Printed copies are considered uncontrolled and should be verified as current version.

Pg 1

6. Create and promote a culture of risk awareness and ensure adequate resources and operational capacity are provided and the responsibility for Risk Management is clarified and allocated.
7. The Shire of Broome will follow the process as suggested in the AS/NZS 31000:2009 standard for Risk Management when implementing a risk management framework.

Part B

Management procedures

Definitions:

For the purpose of the Policy the following definitions apply:

Risk	The effect of uncertainty on objectives. An 'effect' is a deviation from the expected (either positive or negative). Objectives can have different aspects (such as financial, health and safety and environmental) and can be strategic, organisation-wide, project based or procedural. Risk is often characterised by reference to potential events and consequences or a combination of these. Risk is often expressed in terms of a combination of the consequences of an event (including changes in circumstances) and the associated likelihood of occurrence.
Risk Management	Coordinated activities to direct and control an organisation with regard to risk, which may include a policy (outlining the overall intentions and direction of an organisation related to risk management), and a framework - a set of components that provide the foundations and organisational arrangements for designing, implementing monitoring, reviewing and continually improving risk management throughout the organisation. (Refer ISO Guide 73: 2009 - AS/NZS 31000: 2009 - Risk Management Standard).

Responsibility/Accountability:

Risk Management is the responsibility of all employees. All employees are accountable for managing risk in their own area of responsibility and will play a part in the risk management process to differing degrees.

After risk management training is implemented across the organisation, all staff are required to comply with Risk Management principles, framework and practices.

Executive Management Group will create a risk aware environment where managers are accountable for managing risks within their work areas. In each area, risks should be anticipated and reasonable proactive protective measures / risk treatments should be taken. Management and supervisory staff will create a work environment for staff which encourages openness and honesty ensures there is no hesitation of reporting identified risks or escalations of risks, for fear of recrimination.

Monitoring, Reviewing and Reporting:

Changes to this document can only be made by the document owner. The electronic version on the internet is the controlled version. Printed copies are considered uncontrolled and should be verified as current version.

Pg 2

A monitoring and reporting process / system has been implemented which provides 6 monthly reports to the Executive Management Group, Management Coordination Group, Audit Committee and Council on the status of Risk Management within the Shire of Broome.

Document Control Box							
Document Responsibilities:							
Owner:	Director Corporate Services			Owner Business Unit:	Corporate Services		
Reviewer:	Manager Governance, Strategy & Risk			Decision Maker:	Council		
Compliance Requirements:							
Legislation:							
Industry:							
Organisational:							
Document Management:							
Risk Rating:	Low	Review Frequency:	Triennial	Next Due:	12/2023	Records Ref:	
Version #	Decision Reference:		Synopsis:				
1.	28 October 2010		Initial Adoption				
2.	12 December 2019		Review and converted to new Policy Template				

Changes to this document can only be made by the document owner. The electronic version on the internet is the controlled version. Printed copies are considered uncontrolled and should be verified as current version.

Pg 3

6.

MEETING CLOSURE

These minutes were confirmed at a meeting held (DD Month Year),
and signed below by the Presiding Person, at the meeting these minutes were confirmed.

Signed: