



Audit and Risk Management Committee Meeting (31 July 2025)

ATTACHMENTS

Number	Title
6.1	Audit and Risk Management Committee Meeting held on 14 May 2025
7.1.1(1)	Audit Findings Progress Report (1 May 25 – 31 July 25)
7.1.3(1)	Draft – Council policy FIN/CP-2 Investments – tracked changes



Minutes of the Audit & Risk Management Committee

Held on 14 May 2025 and commence at 4:30pm

Held at the Council Chambers in Donnybrook

(1 Bentley Street, Donnybrook)

Authorised:

Mr Nick O'Connor, Chief Executive Officer

Prepared:

5 June 2025

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1. Declaration of Opening / Announcement of Visitors

Acknowledgement of Country:

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

The Chairperson declared the meeting open at 4:35pm.

2. Attendance

Members Present:

Cr Vivienne MacCarthy

Cr John Bailey

Cr Alexis Davy

Mr Ian Telfer, External Member

Mr Angelo Loguidice, External Member

Staff Present:

Nick O'Connor, Chief Executive Officer

Meta Hazeldine, Manager Financial Services

Ross Marshall, Director Operations

Loren Clifford, Acting Director Finance & Corporate

Other Members Present:

Public Gallery: No members of the public were in attendance.

2.1. Apologies

Nil.

2.2. Approved Leave of Absence

Nil.

2.3. Application for Leave of Absence

Nil.

3. Announcements from the Chairperson

Nil.

4. Declarations of Interest

Division 6: Sub-Division 1 of the *Local Government Act 1995*. Care should be taken by all Councillors to ensure that a financial/impartiality interest is declared and that they refrain from voting on any matter, which is considered to come within the ambit of the Act.

Nil.

5. Public Question Time

5.1. Responses to previous public questions that were taken on notice

Nil.

5.2. Public Question Time

Nil.

6. Confirmation of Minutes

6.1. Audit and Risk Management Committee Meeting held on 18 March 2025

Minutes of the Audit and Risk Management Committee Meeting held 18 March 2025 are attached as Attachment 6.1(1).

EXECUTIVE RECOMMENDATION

That the Minutes from the Audit and Risk Management Committee Meeting held 18 March 2025 be confirmed as a true and accurate record.

COMMITTEE RESOLUTION: ARM9/05-25	
MOVED BY: Angelo Loguidice	SECONDED BY: Mr Ian Telfer

That the Minutes from the Audit and Risk Management Committee Meeting held 18 March 2025 be confirmed as a true and accurate record.

For: Cr MacCarthy, Cr Bailey, Cr Davy, Mr Loguidice, Mr Telfer
Against: Nil.
Carried: 5/0

7. Reports of Officers

7.1. Director Finance and Corporate

7.1.1 Audit Findings Progress Report (March 25 – April 25)

Report Details:

Prepared by: Loren Clifford, Acting Director Finance and Corporate

Manager: Nick O'Connor, Chief Executive Officer

File Reference: FNC 02A

Voting Requirement: Simple Majority

Attachment(s):

7.1.1(1) Audit Findings Progress Report (1 March 25 – 30 April 25)

Executive Recommendation

That the Audit and Risk Management Committee:

1. **Notes the update provided in Audit Findings Progress Report for the period covering 1 March 2025 - 30 April 2025** Attachment 7.1.1(1).

Strategic Alignment

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

Outcome: 11 - Strong, visionary leadership.

Objective: 11.1 - Provide strategically focused, open and accountable governance.

Item: Nil.

Executive Summary

It's requested that the Audit and Risk Management Committee (ARMC) notes the update provided on the Audit Findings Progress Report for the period covering March 2025 – April 2025.

Background

Under the *Local Government Act 1995* and associated regulations, the Shire is required to undertake several types of audits to ensure accountability and transparency. These Audit's consist of:

1. Financial Audits – The Shire must have their financial statements audited annually. This is mandated under Section 7.9 of the *Local Government Act 1995*.
2. Financial Management Review - is governed by Regulation 5(2) of the *Local Government (Financial Management) Regulations 1996*. This regulation requires the CEO to regularly review the appropriateness and effectiveness of the financial management systems and procedures of the local government, with a minimum frequency of once every three financial years.

3. Compliance Audits – The Shire must complete a compliance audit return (CAR) annually, which is reviewed by the ARMC, and Council then submitted to the Department of Local Government, Sport and Cultural Industries. This requirement is outlined in Regulation 14 of the *Local Government (Audit) Regulations 1996*.
4. Audit Regulation 17 Review - is a requirement under the *Local Government (Audit) Regulations 1996*. It requires the Chief Executive Officer (CEO) of a local government to review the appropriateness and effectiveness of the local government's systems and procedures in relation to:
 - Risk Management
 - Internal Control
 - Legislative Compliance
5. Internal Audits - While not explicitly mandated, internal audits are recommended as part of good governance practices. They help the Shire identify and mitigate risks proactively.

Regular reporting on progress and actions taken in response to audit findings to the Audit and Risk Management Committee should be undertaken to ensure transparency and accountability, demonstrating a commitment to addressing identified issues and improving governance.

Risk Management

Risk:	Likelihood:	Consequence:	Risk Rating:
Compliance	Likely	Minor	Moderate (8)
Risk Description:	Not reporting updates on audit findings to the audit committee on a regular basis can lead to a lack of oversight, delayed corrective actions, and potential non-compliance with regulatory requirements.		
Mitigation:	Establish a reporting schedule and process as outlined in this report.		

Financial Implications

Nil.

Policy Compliance

Nil.

Statutory Compliance

Nil.

Consultation

An internal review of the findings contained in [Attachment 7.1.1\(1\)](#) were reviewed by key responsible officers, providing an Administration Update, and Status Update.

Officer Comment

Regular reporting on progress and actions taken in response to audit findings remains a key accountability measure for the Shire. This practice supports transparency and demonstrates a commitment to governance improvement. All items identified from the Compliance Audit Return (CAR) have now been actioned and resolved. Good progress has also been made in addressing the outstanding items from internal audit surrounding the ICT Strategy and implementation of the new Electronic Document Records Management System (EDRMS).

This report does not include the recent Financial Management Review or the Audit Regulation 17 Review, as both are scheduled to be workshopped with Council in detail in June 2025. However, it should be noted that staff are actively implementing improvements as per the report presented to the committee at its last meeting.

Quarterly reporting will continue where there are findings to report, covering the five key audit areas:

1. Financial audits,
2. Financial Management Review,
3. Compliance audit,
4. Audit Regulation 17 Review, and
5. Internal audits.

The Audit and Risk Management Committee is requested to note the update provided in [Attachment 7.1.1\(1\)](#).

COMMITTEE RESOLUTION: ARM10/05-25	
MOVED BY: Mr Ian Telfer	SECONDED BY: Mr Angelo Loguidice

That the Audit and Risk Management Committee:

1. **Notes the update provided in Audit Findings Progress Report for the period covering 1 March 2025 - 30 April 2025** [Attachment 7.1.1\(1\)](#).

For: Cr MacCarthy, Cr Bailey, Cr Davy, Mr Loguidice, Mr Telfer
Against: Nil.
Carried: 5/0

7.1.2 Risk Management Report/Update

Report Details:

Prepared by: Loren Clifford, Acting Director Finance and Corporate

Manager: Nick O'Connor, Chief Executive Officer

File Reference: FNC

Voting Requirement: Simple Majority

Attachment(s):

7.1.2(1) Implementation Plan

Executive Recommendation

That the Audit and Risk Management Committee:

- 1. Notes the Risk Framework Implementation Plan in** Attachment 7.1.2(1).

Officer Comment

Following Council's adoption of the Risk Management Framework and Policy in December 2024, progress has been made in laying the foundation for a structured and consistent approach to risk management across the organisation.

Progress to Date

1. The Risk Management Framework and Policy were formally endorsed by Council in December 2024, establishing the guiding principles and responsibilities for managing risk.
2. A preliminary Risk Register has been developed using historical data from a previous Shire register and benchmarking against a neighbouring council's risk controls. This provides a starting point for identifying and assessing key organisational risks.
3. A structured workshop has been scheduled to engage relevant staff in reviewing and rating the identified risks and controls. This session is designed to promote shared understanding and ownership of risk management practices.

Next Steps

1. Staff will participate in a facilitated session to assess the likelihood and consequence of each risk, evaluate the effectiveness of current controls, and identify any gaps.
2. Based on workshop outcomes, the Risk Register will be updated to reflect accurate risk ratings and control assessments.
3. Risk considerations will be embedded into operational and strategic planning processes to ensure alignment with organisational objectives.
4. A schedule for regular review and reporting will be established to ensure risks are monitored, controls remain effective, and the framework continues to evolve with the organisation's needs and capacity.

This implementation plan represents a proactive step toward embedding a risk-aware culture and enhancing organisational resilience. The ARMC are requested to note the Implementation Plan as outlined in Attachment 7.1.2(1).

COMMITTEE RESOLUTION: ARM11/05-25		
MOVED BY:	Cr Alexis Davy	SECONDED BY: Mr Ian Telfer

That the Audit and Risk Management Committee:

1. Notes the Risk Framework Implementation Plan in Attachment 7.1.2(1).

For: Cr MacCarthy, Cr Bailey, Cr Davy, Mr Loguidice, Mr Telfer
Against: Nil.
Carried: 5/0

8. Meetings Closed to the Public

8.1. Matters for which the Meeting may be closed

Nil.

8.2. Public reading of Resolutions that may be made public

Nil.

9. Closure

The Chairperson advised that the next Audit and Risk Management Committee Meeting is scheduled for 8 October 2025.

The Chairperson declared the meeting closed 4:51pm.



Quarterly Audit Findings Progress Report

1 M A Y - 3 1 J U L Y

Internal Audit Findings



Internal Audit Area	Ref	Issue	Risk Rating	Auditors Comments	Implication/Risk	Auditors Recommendation	Status Update (May'24)	Administration Update (May'24)	Status Update Sep'24	Update September 24	Status Update Feb'25	Update February 2025	Status Update Apr'25	Admin Update April 2025	Status Update Jul'25	Admin Update Apr'25
	–			Unresolved Findings												
Security and Emergency Procedures	2.3.4.	Security Policy	Moderate	During our review, we identified that the Shire does not have any formal policies surrounding Security.	Security threats that arise may go unnoticed or untreated. Furthermore, employees and other key stakeholders may not know the correct response or lines of communication in relation to security threats.	A security policy is introduced by the Shire, covering at a minimum; physical, information and cyber security.	<div><div></div></div>	A Security policy is being drafted, noting the new Privacy and Responsible Information Sharing (PRIS) requirements.	<div><div></div></div>	A Security policy is being drafted, noting the new Privacy and Responsible Information Sharing (PRIS) requirements.	<div><div></div></div>	The ICT security policy has been delayed until the ICT strategy has been completed to ensure alignment with strategic goals, comprehensive coverage of critical assets, efficient resource allocation, and effective risk management. This approach also helps gain stakeholder buy-in, future-proofs the policy, ensures compliance with standards, and promotes an integrated approach to physical, information, and cyber security, leading to a more cohesive, effective, and adaptable security policy.	<div><div></div></div>	An RFQ for an ICT Strategy has been sent out and applications closed on 24 March 2025; the applications are being assessed.	<div><div></div></div>	The RFQ submissions have been assessed, and three consultancy firms have been shortlisted to present to the Executive Leadership Team in early August.
Security and Emergency Procedures	2.3.5	Records Management	Moderate	During our review and from discussions with management, it was noted that the Shire's centralised filing system is currently not underpinned by standard protocols, making it difficult to find key documentation. In many instances, the "task owner" will be relied upon to locate the relevant documentation.	Time and money cost to the Shire as a result of time spent locating documents. Furthermore, where "task owners" leave employment at the Shire, critical documentation and expertise may be lost.	•The Shire develops a set of naming principles/rules, by which critical documentation (i.e. policies/procedures, finalised agreements, compliance documents) are named and filed. •"Task owners" are allocated time to review documents which have been historically filed and update in line with determined set of naming principles/rules	<div><div></div></div>	A Business Case has been completed by an external consultant outlining a Systems Improvement Plan for the Shire's Information Systems. With Electric Document Management System (EDMS) planned to be rolled out first. RFQ to be issued for a new EDMS.	<div><div></div></div>	The budget for the "New EDRMS Software (including email integration and tracking)" has been approved for the 2024/2025 financial year. We are currently awaiting the arrival of the new CEO to provide clarity on the project management and implementation of this significant project, which will require substantial resource allocation.	<div><div></div></div>	An RFQ for a new EDRMS has been sent out and applications close on 5am, 21 March 2025.	<div><div></div></div>	RFQ applications were assessed and contract awarded for the Monarch 360 EDRMS. The new software solution will enhance compliance, strengthen information security, and drive operational efficiency.	<div><div></div></div>	The Shire's new EDRMS has been implemented, and staff training has commenced.
Security and Emergency Procedures	2.3.1.	Risk Register	Extreme	During review and from discussions with management we noted that an organisational wide risk register is not formally maintained by the Shire.	By not maintaining a risk register; the Shire may be unaware of risks facing the Shire, risks may not have an owner and therefore go untreated or the Shire may be underprepared for major/catastrophic risks when they do occur.	•A formal risk register is established, which at a minimum covers the following categories; financial, health, reputation, operation, environment, compliance and project. •The risk register should be reviewed on a rolling basis, with meetings held with risk owners on a regular basis (depending on the risk rating) and the risk register update accordingly. •Risk management should be a standing agenda item at management and Council meetings, with the risk register formally tabled at meetings at least once a quarter.	<div><div></div></div>	A Risk Register does exist but requires review. This review is proposed to be undertaken internally with assistance from LGIS, specifically its risk services division. Upon completion of the review, the Risk Register will be presented to the Audit and Risk Management Committee for consideration and recommendation to Council.	<div><div></div></div>	The ARMC workshoped the Risk Management Policy in early September. Staff have since started drafting a Risk Management Framework consisting of a framework document, overarching policy, procedures and risk register. Staff are aiming to present the draft framework to the ARMC in October for preliminary feedback.	<div><div></div></div>	The Risk Management Framework has been endorsed by the Audit and Risk Management Committee and Adopted by Council in December 2024. Staff are drafting an implementation plan to roll it out.	<div><div></div></div>	Implementation plan to be presented to the ARMC at its May meeting.	<div><div></div></div>	The Risk Management Framework is being implemented as per the plan presented to the ARMC at its May meeting.
Security and Emergency Procedures	2.3.6	Remote Access	Moderate	From discussions with management, it was noted that the "Working from Home Self-Assessment Survey" and "Remote Working Agreement" have not been systematically utilised.	The "Working from Home Self-Assessment Survey" aids the Shire in complying with Occupational Safety and Health Standards, while the "Remote Working Agreement" is a record of the employee confirming their understanding of the requirements while working from home, therefore where these documents are not completed, the Shire is open to unnecessary risks.	•A review is undertaken of current employees who work from home, to ensure documentation is on file or is completed where appropriate. •All future employees who work from home, should complete the documentation as specified in the Shire's working remotely procedure. •The Shire maintain a listing of assets (which may include IT equipment and other items of equipment) which staff have temporary removed from the Shire premises to utilise working from home.	<div><div></div></div>	A review of the completed documentation will be undertaken to ensure compliance. The Shire maintains a register of assets issued to staff; it identifies those assets regularly removed from the office.	<div><div></div></div>	A review of the current Work From Home (WFH) policy has been progressed. The review found that due to its extensive scope and enforcement challenges major amendments are required. Particularly relevant to c1.4.12 on Performance and the Home Self-Assessment Survey.	<div><div></div></div>	Collaboration with the Senior HR Officer, Leadership Team, and Work Health and Safety Officer have been delayed due to staff vacancies in key positions.	<div><div></div></div>	Collaboration with the Senior HR Officer, Leadership Team, and Work Health and Safety Officer have been delayed due to staff vacancies in key positions.	<div><div></div></div>	Collaboration with the Senior HR Officer, Leadership Team, and Work Health and Safety Officer have been delayed due to staff vacancies in key positions.
	+			Resolved Findings												

Investments

Shire of Donnybrook Balingup Council Policy FIN/CP-2

STRATEGIC OUTCOME SUPPORTED: 11 - Strong, visionary leadership.

OBJECTIVE

1. To invest the Shire's surplus funds, with consideration of risk and at the most favourable rate of interest available to it at the time, for that investment type, while ensuring that its liquidity requirement are being met.

SCOPE

2. This policy applies to all future investments made by the Shire of Donnybrook Balingup.

DEFINITIONS

3. **Authorised Institution** means the same as that defined in Regulation 19C (1) of the Local Government (Financial Management) Regulations 1996 as amended.
4. **Counterparty** means the other party that participates in a financial transaction.
5. **Credit Rating** means an estimate of overall ability and willingness of an entity or person to fulfil financial obligations in full and on time, based on previous financial dealings. Ratings are opinions issued by credit rating agencies.
6. **Long term** in relation to investments means it matures in excess of 12 months.
7. **Short-term** in relation to investments means it matures in 12 months or less.
8. **Shire** means the Shire of Donnybrook Balingup.
9. **S&P** means Standard & Poors.

POLICY STATEMENTS

10. While exercising the power to invest, consideration is to be given in preservation of capital, liquidity, and the return of investment:
 - a. Preservation of capital is the principal objective of the investment portfolio. Investments are to be performed in a manner that seeks to ensure security and safeguarding the investment portfolio. This includes managing credit and interest rate risk within identified thresholds and parameters.
 - b. The investment portfolio will ensure there is sufficient liquidity to meet all reasonably anticipated cash flow requirements, as and when they fall due, without incurring significant costs due to the unanticipated sale of an investment.

- c. The investment is expected to achieve a market average rate of return that takes into account legislative investment limitations. Any additional return target set by Council will also consider the risk limitation and prudent investment principles.

Risk Management Guidelines

11. Officers delegated with the authority to invest must diversify the investment portfolio and avoid excessive risk concentration with any single counterparty.
12. The approach to diversification must be balanced with the need to seek an adequate rate of return for the Shire, given that higher rates of return are usually associated with higher credit risk.
13. Investments obtained are to be guided by:
 - a. Portfolio Credit Framework: limit overall credit exposure of the portfolio;
 - b. Counterparty Credit Framework: limit exposure to individual counterparties / institutions; and
 - c. Term to Maturity Framework: limits based upon maturity of securities.
14. The portfolio credit guidelines applied to the Shire's investments will be based on the Standard and Poor's (S&P) ratings system criteria, or the equivalent from Moody's or Fitch as necessary.
15. A description of each S&P rating category is included in **Appendix 1** including the meaning of the signs that may be linked to the rating. Where conflicting ratings levels exist for any counterparty and/or product, the rating level applied by two out of the three ratings agencies will be used, represented by the S&P rating, if valid. Where all three agencies have issued different ratings, the S&P rating will prevail.

Overall Portfolio Limits

16. To control the credit quality on the entire portfolio, the following credit framework limits the percentage of the portfolio exposed to any particular credit rating category.

S&P Long Term Rating	S&P Short Term Rating	Direct Investment Maximum %
AAA	A-1+	100%
AA	A-1	100%
A	A-2	60%

Counterparty Credit Framework

17. Exposure to an individual counterparty/institution will be restricted by its credit rating so that single entity exposure is limited, as detailed in the table below.

S&P Long Term Rating	S&P Short Term Rating	Direct Investment Maximum %
AAA	A-1+	45%
AA	A-1	35%
A	A-2	20%

18. If the credit rating of any counterparty is downgraded such that any investment held with the party no longer comply's with this investment policy, the investment will be divested as soon as practicable, subject to due consideration of penalties and lost interest.

Term to Maturity Framework

19. The investment portfolio is to be invested within the following maturity constraints.

Overall Portfolio Return to Maturity	Minimum	Maximum
Up to 12 months	100%	100%
13 to 24 months	0%	30%
25 to 36 months	0%	20%

20. Officers delegated to invest must take into account ongoing liquidity requirements when placing investments to ensure availability of funds to meet the Shire's payment obligations as and when they fall due.

Exceptions (Bendigo Bank)

21. In the interest of maintaining a face-to-face local banking service within Donnybrook, Council has elected to vary its policy to provide for the investment of funds in the Bendigo Bank, through the Donnybrook branch.
22. The Donnybrook branch of the Bendigo Bank is administered by Donnybrook Capel Districts Financial Services in accordance with the operational guidelines of the Bendigo Bank.
23. Funds invested through the Donnybrook branch are invested with the principal Bendigo Banking Group. Bendigo Banks current long-term S&P rating is A- and the short-term rating is A-2.
24. Council has approved a maximum portfolio limit of ~~50.75~~50% with Bendigo Bank.

Investment Advisor

25. The Shire may appoint an investment advisor to provide independent advice regarding the management of the Shire's investments.
26. Any investment advisor appointed by the Shire must be appropriately licensed by the Australian Securities and Investment Commission. The investment advisor must be an independent person who has no actual or potential conflict of interest in relation to investment

products being recommended and is free to recommend the most appropriate product within the terms and conditions of the investment policy.

27. The investment advisors appointment is to be subject to a letter of engagement setting out the terms of appointment which may include:
- Monthly reporting;
 - Monthly market review of returns and market value of the portfolio and
 - Meetings with the responsible Shire officers no less than six monthly to review the Shire's investment portfolio.

Measurement

The investment return for the portfolio is to be regularly reviewed. The market value is to be assessed at least once a month to coincide with monthly reporting.

Benchmarking

28. Performance benchmarks need to be established.

Investments	Performance Benchmark
Cash	Cash Rate
Enhanced/Direct Investments	UBSWA Bank Bill

Reporting

29. A monthly report will be provided to Council in the monthly financial report . The report will detail the investment portfolio, percentage exposure of total portfolio, maturity date and changes in market value.
30. Documentary evidence must be held for each investment and investments are to be recorded in an Investment Register with all details pertaining to the investment such as investment source, date of lodgement, interest rate, maturity date and all investment transactions recorded on a ledger sheet.

DELEGATION AND AUTHORISATION

31. The power to invest and manage investments has been delegated to the Chief Executive Officer and nominated sub-delegates as per delegation 1.2.25 Power to Invest and Manage Investments.

LEGISLATION

- *Local Government Act 1995*
- *Local Government (Financial Management) Regulations 1996*

– The Trustees Act 1962

APPENDIX

Appendix 1 – Investment Policy

Standard & Poor's Ratings Definitions

Standard and Poor's (S&P) is a professional ratings agency that provides analysis of corporate and institutional creditworthiness.

An S&P Global Ratings issuer credit rating is a forward-looking opinion about an obligor's overall creditworthiness. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation.

Issuer credit ratings can be either long-term or short-term. Long-term issuer credit ratings focus on the obligor's capacity and willingness over the long-term to meet all of its financial commitments, both long- and short-term, as they come due, whereas short-term issuer credit ratings focus on the obligor's capacity and willingness over the short-term to meet all of its financial commitments as they come due.

Ratings – Long Term Financial Obligations (Maturity greater than 365 days)	
AAA	An obligation rated 'AAA' has the highest rating assigned by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is extremely strong.
AA	An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitments on the obligation is very strong.
A	An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong.
BBB	An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation.
BB	An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation.
B	An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitments on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation.
CCC	An obligation rated 'CCC' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse business, financial, or economic

	conditions, the obligor is not likely to have the capacity to meet its financial commitments on the obligation.
CC	An obligation rated 'CC' is currently highly vulnerable to nonpayment. The 'CC' rating is used when a default has not yet occurred but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.
D	An obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within the next five business days in the absence of a stated grace period or within the earlier of the stated grace period or the next 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. A rating on an obligation is lowered to 'D' if it is subject to a distressed debt restructuring.

Ratings – Short Term Financial Obligations (Maturity not more than 365 days)	
A-1	A short-term obligation rated 'A-1' is rated in the highest category by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments on these obligations is extremely strong.
A-2	A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitments on the obligation is satisfactory.
A-3	A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken an obligor's capacity to meet its financial commitments on the obligation.
B	A short-term obligation rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties that could lead to the obligor's inadequate capacity to meet its financial commitments.
C	A short-term obligation rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation.
D	A short-term obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. A rating on an obligation is

	lowered to 'D' if it is subject to a distressed debt restructuring.
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Ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

(Source: <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>
(Accessed 18 November 2024).

DRAFT

GOVERNANCE

Related Policy(s):

- Nil.

Related Procedure(s):

- Nil.

Revision Requirements and Version Control:

Responsible Department(s):		Finance and Corporate		
Review to be conducted by:		Director Finance and Corporate		
Revision Frequency:		<input checked="" type="checkbox"/> Annual (1yr)	<input type="checkbox"/> Biennial (2yr)	<input type="checkbox"/> Triennial (3yr)
Current Version Date:		10/03/2021	Next Due:	2022
Policy Version Details and Information:				
#:	Synopsis:	Date:	Ref.:	Synergy:
1	Initial adoption of Policy	28/03/2001	N/A	N/A
	<ul style="list-style-type: none"> – Removed policy number 3.4 and added new policy ID; and – Renamed – Added scope and delegation and authorisation; and – Removed: <ul style="list-style-type: none"> -“The CEO has delegated authority to appoint an investment adviser when considered appropriate”- Day to day management no need for extra authorisation. -Administration information regarding authorisations as this information is built into the delegation conditions -Wording to “Report and Review” to “Reporting” and removed duplicated information. 	10/03/2021	213/21	NPP8036
2	Reviewed and reformatted to new template, Bendigo bank portfolio limit changed from 75% to 50%.	27/07/2025	TBA	NPP16044