RISK MANAGEMENT POLICY

PURPOSE

The Shire of Quairading ("the Shire") Risk Management Policy documents the commitment and objectives regarding managing uncertainty that may impact the Shire's strategies, goals or objectives.

OBJECTIVE

(a) Optimise the achievement of Council's vision, experiences, strategies, goals and objectives.

(b) Provide transparent and formal oversight of the risk and control environment to enable effective decision making.

(c) Enhance risk versus return within our risk appetite.

(d) Embed appropriate and effective controls to mitigate risk.

(e) Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.

(f) Enhance organisational resilience.

(g) Identify and provide for the continuity of critical operations.

POLICY

It is the Shire's Policy to achieve best practice (aligned with ISO 31000:2018 Risk Management-Guidelines), in the management of all risks that may affect the Shire, its customers, employees, assets, functions, objectives, operations or members of the public.

Risk Management is to form part of the Strategic, Operational, Project and Line Management responsibilities and where possible, be incorporated within the Shire's Integrated Planning Framework.

The Senior Management Team are to communicate the Risk Management Policy, Objectives and Procedures, as well as direct and monitor Implementation, Practice and Monitoring performance.

Every Employee, Elected Member, Volunteer and Contractor with the Shire is recognised as having a role in risk management.

Risk Appetite

Council defines its risk appetite through the development and endorsement of the Shire's Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Procedures and are subject to ongoing review by Council in conjunction with this Policy.

All organisational risks reported at a corporate level are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. For operational requirements such as projects or to satisfy external stakeholder

requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisation's appetite and are to be noted within the individual risk assessment and approved by a member of the Senior Management Team.

Roles, Responsibilities & Accountabilities

Council's role is to -

(a) Review and approve the Shire's Risk Management Policy and Risk Assessment & Acceptance Criteria. (Appendix A)

(b) Assist and Support Council's External Auditors to enable them to report on Council's Annual Financial Statements.

(c) Establish and maintain an Audit Committee in terms of the Local Government Act.

The CEO is responsible for the allocation of roles, responsibilities and accountabilities. These are documented in the Risk Management Procedures (Operational Document).

Monitor & Review

The CEO is to implement and integrate a Monitor and Review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

The Executive Management Team are responsible for the ongoing monitoring and review of the Risk Management Procedures and Outcomes.

This policy is to be formally reviewed by Council annually as part of Council's overall Policy Review.

GUIDELINES

Appendix A - Risk Assessment & Acceptance Criteria

Definitions from ISO 31000:2018(E)

Risk: Effect of uncertainty on objectives.

An effect is a deviation from the expected – positive or negative.

Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisational, project, product or process).

Risk Management: Coordinated activities to direct and control an organisation with regard to risk.

Risk Management Process: Systematic application of policies, procedures and practices to the activities of communicating and consulting, establishing the context, and assessing, treating, monitoring, reviewing, recording and reporting risk.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government Audit Regulation

Record of Policy Review						
Version	Author	Council Adoption	Resolution	Reason for Review	Review Date	CEO Signature
01	Graeme Fardon	29/11/14	100-14/15	New Policy		
02	Graeme Fardon/ LGIS Consultant	20/12/18	115-18/19	*Policy Review Project – 5/12/2018*		
03	Graeme Fardon	17/12/20	97-20/21	Biennial Policy Review	Dec 2020	

Appendix A – Risk Assessment and Acceptance Criteria

MEASURES OF CONSEQUENCE

RATING	PEOPLE	INTERRUPTION TO SERVICE	REPUTATION (Social / Community)	COMPLIANCE	PROPERTY (Plant, Equipment, Buildings)	NATURAL ENVIRONMENT	FINANCIAL IMPACT	Project TIME	Project COST
Insignificant (1)	Near-Miss	No material service interruption Less than 1 hour	Unsubstantiated, localised low impact on community trust, low profile or no media item.	No noticeable regulatory or statutory impact	Inconsequential damage.	Contained, reversible impact managed by on site response	Less than $1,000	Exceeds deadline by 10% of project timeline	Exceeds project budget by 10%
Minor (2)	First Aid Treatment	Short term temporary interruption – backlog cleared < 1 day	Substantiated, localised impact on community trust or low media item	Some temporary non compliances	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response	$1,000 to 10,000	Exceeds deadline by 15% of project timeline	Exceeds project budget by 15%
Moderate (3)	Medical treatment / Lost time injury <30 Days	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Substantiated, public embarrassment, moderate impact on community trust or moderate media profile	Short term non-compliance but with significant regulatory requirements imposed	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies	$10,001 to $100,000	Exceeds deadline by 20% of project timeline	Exceeds project budget by 20%
Major (4)	Lost time injury >30 Days / temporary disability	Prolonged interruption of services – additional resources; performance affected < 1 month	Substantiated, public embarrassment, widespread high impact on community trust, high media profile, third party actions	Non-compliance results in termination of services or imposed penalties to Shire/Officers	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies	$100 000 to $500,000	Exceeds deadline by 25% of project timeline	Exceeds project budget by 25%
Extreme (5)	Fatality, permanent disability	Indeterminate prolonged interruption of services non- performance > 1 month	Substantiated, public embarrassment, widespread loss of community trust, high widespread multiple media profile, third party actions	Non-compliance results in litigation, criminal charges or significant damages or penalties to Shire/Officers	Extensive damage requiring prolonged period of restitution. Complete loss of plant, equipment & building	Uncontained, irreversible impact	>$500,000	Exceeds deadline by 30% of project timeline	Exceeds project budget by 30%

MEASURES OF LIKELIHOOD

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

RISK MATRIX

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

RISK ACCEPTANCE

Risk Rank	Description	Criteria	Responsibility
LOW (1-4)	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
MEDIUM (5-9)	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH (10-16)	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Senior Management Team / CEO
EXTREME (17-25)	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO & Council

EXISTING CONTROLS RATINGS

Rating	Foreseeable	Description
Effective	There is little scope for improvement. (More than what a reasonable person would expect in these circumstances)	Processes (Controls) operating as intended and / or aligned to Policies & Procedures; are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested.
Adequate	There is some scope for improvement. (What a reasonable person would expect in these circumstances)	Whilst some inadequacies have been identified; Processes (Controls) are in place, are being addressed / complied with and are subject to periodic review and testing.
Inadequate	A need for corrective and / or improvement actions exist. (Less than what a reasonable person would expect in these circumstances)	Processes (Controls) not operating as intended, do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time.