

## RISK MANAGEMENT POLICY

### PURPOSE

Effective risk management minimises the impact of adverse events by implementing and monitoring effective mitigation of risks. It also assists to maximise on opportunities that arise when risks are identified.

The Shire will embed a coherent, systematic, and structured approach to effectively manage risks arising from objectives identified in the Strategic Community Plan, Risk Management Forum, and Risk Management Register.

This policy applies to management of all strategic and operational risks associated with the delivery of projects and services.

### POLICY

It is the Shire's Policy to achieve best practice (aligned with AS/NZS ISO 31000:2009 Risk management), in the management of all risks that may affect the Shire, its customers, people, assets, functions, objectives, operations or members of the public.

Risk Management will form part of the strategic, operational, project and line management responsibilities and will be incorporated within the Shire's Integrated Planning Framework.

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

Council's commitment to effective risk management is supported by the Risk Management Framework which facilitates:

1. Embedding an organisation-wide risk management approach that aligns to the achievement of strategic objectives;
2. Developing a risk management policy and framework that implements the guidance provided by Australian New Zealand Standard for Risk Management (AS/NZS ISO 31000:2018);
3. Integrating the risk management and governance frameworks;
4. Deploying sufficient resources to effectively manage risks;
5. Managing risks effectively to protect Council's intangible and tangible assets;
6. Building confidence and trust with stakeholders by consistently and efficiently managing risks;
7. Regularly monitoring and reviewing the effectiveness and efficiency of the risk management policy and risk management framework;
8. Reporting risk management against performance indicators;
9. Communicating effectively and working together with internal and external stakeholders inviting and, where appropriate, implementing feedback received; and
10. Assigning roles and responsibilities for ownership and accountability for managing risks; and
11. Identifying emerging risks.

## RISK MANAGEMENT PROCESS

Systematic application of management policies, procedures, and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring, and reviewing risk.

## OBJECTIVE

The objectives of the Risk Management Policy are delivered through the Risk Management Framework. These objectives are:

1. Develop, implement and maintain effective risk management systems and tools to identify, assess and mitigate strategic risks;
2. Assign roles and responsibilities for risk ownership;
3. Ensure treatment of risks aligns with Risk Appetite and Risk Tolerance;
4. Engage senior management to drive a risk aware culture that 'sets the tone from the top';
5. Provide adequate training and resources for councillors and officers to assist the Shire to move towards embedding risk management in the culture;
6. Review and develop a risk register to record how strategic risks are being managed by aligning identified risks to the Strategic Community Plan aspirations;
7. Actively monitor and report on the management of risks to the Audit & Risk Committee and Council;
8. Communicate and engage with internal and external stakeholders about risk management at the Shire; and
9. Continuously improve tools within the risk management framework.

## RICK MANAGEMENT OBJECTIVES

1. Optimise the achievement of our vision, mission, strategies, goals and objectives.
2. Provide transparent and formal oversight of the risk and control environment to enable effective decision-making.
3. Enhance risk versus return within our risk appetite.
4. Embed appropriate and effective controls to mitigate risk.
5. Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
6. Enhance organisational resilience.
7. Identify and provide for the continuity of critical operations

## RISK APPETITE

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

All organisational risk is reported at corporate level and assessed according to the Shire's Risk Assessment & Acceptance Criteria to allow consistency and informed decision-making. For operational requirements (e.g., special projects; satisfy external stakeholder requirements) alternative risk assessment criteria may be utilised, however these cannot exceed the organisations appetite and are to be noted within the individual risk assessment and approved by the CEO.

## ROLES, RESPONSIBILITIES AND ACCOUNTABILITIES

Council's role is to -

1. Review and approve the Shire's Risk Management Policy and Risk Assessment & Acceptance Criteria.
2. Engage with Executive Manager Corporate Services and external auditors to report on financial statements annually.
3. Establish and maintain an Audit & Risk Improvement Committee in accord with the Local Government Act.

The CEO is responsible for the allocation of roles, responsibilities, and accountabilities (refer to the Risk Management Procedures).

### 3 Monitor & Review

The Shire will implement and integrate a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

This policy will be managed by the Executive Manager Corporate Services and reviewed by the Executive Management team and Council biennially.

## DEFINITIONS

### Risk

The effect of uncertainty on objectives. An effect is a deviation from the expected. It can be positive, negative or both, and can address, create, or result in opportunities and threats. Objectives can have different aspects and categories, and can be applied at different levels AS/NZ ISO 31000:2018

### Risk management

Coordinated activities to direct and control an organization regarding risk (AS/NZ ISO 31000:2018)

### **Risk Management Policy**

Statement of the overall intentions and direction of an organization related to risk management (ISO Guide73:2009)

### **Risk Management Framework**

Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization (ISO Guide73:2009)

### **Risk Tolerance**

An organisation's or stakeholder's readiness to bear the risk after risk treatment to achieve its objectives (ISO Guide73:2009)

### **Risk Assessment**

Overall process of risk identification, risk analysis and risk evaluation (ISO Guide73:2009)

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## **RISK MITIGATION**

1. Risk Management Governance Framework.
2. Business Continuity Management Procedure Manual & Response Plan.
3. Regular Audit & Risk Progress Reporting to Council.
4. Regular reporting on Annual Leave liabilities to Council.
5. Regular reporting against the Risk Register/Matrix to Council.
6. Adherence to the Work Health & Safety Policy.
7. Regular review and update of Risk Management related documents.
8. Regular review of Council Policies.

## **STATUTORY ENVIRONMENT**


Australian New Zealand Standard for Risk Management (AS/NZS ISO 31000:2018)

ISO Guide 73:2009, Risk management — Vocabulary

*Local Government (Audit) Regulations 1996* (R.17- CEO to review certain systems and procedures)

*Local Government Act 1995 Section 2.7* – Role of Council

*Local Government Act 1995 Part 7* – Audit

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	<i>Policy Review Project – 5/12/2018</i>		
03	Graeme Fardon	17/12/20	97-20/21	Biennial Policy Review	Dec 2020	
04	Nicole Gibbs	31/08/23	52-23/24	Biennial Policy Review	Aug 2025	
05	Tricia Brown	27/02/25	116 - 24/25	Biennial Policy Review	Feb 2027	