

RM 1 – Risk Management

1 Objectives

The Shire of Bridgetown-Greenbushes Risk Management Policy documents the commitment and objectives regarding managing uncertainty that may impact the Shire’s strategies, goals or objectives.

2 Definitions

Definitions (from AS/NZS ISO 31000:2009)

2.1 Risk

Effect of uncertainty on objectives.

Note 1: An effect is a deviation from the expected – positive or negative.

Note 2: Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).

2.2 Risk Management

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

2.3 Risk Management Process

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

3 Policy

3.1 Risk Management Objectives

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

3.2 Risk Appetite

The Shire quantified its risk appetite through the development and endorsement of the Shire’s Risk Assessment and Acceptance Criteria. The criteria are a component of, and are subject to ongoing review in conjunction with this policy.

All organisational risks to be 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 organisations appetite and are to be noted within the individual risk assessment.

3.3 Roles, Responsibilities & Accountabilities

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

3.4 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 kept under review by the Shire's Senior Management Group and its employees. It will be formally reviewed every two years.

4 Applicable Legislation and Documents

Act	<i>Local Government Act 1995</i> s.2.7(2)(b) – The council is to determine the local government's policies s.5.41 – Functions of CEO <i>Work Health and Safety Act 2020</i>
Regulation	r.17 <i>Local Government (Audit) Regulations 1996</i> – CEO to review certain systems and procedures
Local Law	N/A
Shire Policies	FM 4 – Purchasing Policy
Related Documents	AS/NZS ISO 31000:2009
Related Procedure	N/A

5 Administration

Original Adoption Date	17 December 2015
Last Reviewed	26 November 2020
Scheduled Reviewed Date	27 April 2023

Appendix A – Risk Assessment and Acceptance Criteria

Measures of Consequence								
Rating	Health	Financial Impact	Service Interruption	Compliance	Reputational		Property	Environment
					External	Internal		
Insignificant	Negligible injuries	Less than \$500	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item, no social media attention	Isolated incidents of short term decline in individual staff morale/confidence	Inconsequential or no damage.	Contained, reversible impact managed by on site response
Minor	First aid injuries	\$501 – \$5000	Short term temporary interruption – backlog cleared < 1 day	Some temporary non compliances	Substantiated, low impact, low news item, limited social media attention (e.g Limited to local news / limited social media impact)	Short term decline in staff confidence/morale	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response
Moderate	Loss time injuries < 5 days	\$5001 - \$50,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Short term noncompliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact, moderate news profile, requires social media response and monitoring (e.g State News story)	Decline in staff confidence/morale, or unauthorised absences	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies
Major	Loss time injuries >= 5 days	\$50,001 - \$500,000	Prolonged interruption of services – additional resources; performance affected < 1 month	Non-compliance results in termination of services or imposed penalties	Substantiated, public embarrassment, high impact, high news profile, third party actions, requires immediate and ongoing social media response and monitoring (e.g National News – lead story single occurrence)	Long term decline in staff confidence or morale, occasional unauthorised staff absences or threat of strike	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies
Catastrophic	Fatality, permanent disability	More than \$500,000	Indeterminate prolonged interruption of services – non-performance > 1 month	Non-compliance results in litigation, criminal charges or significant damages or penalties	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions, requires substantial social media resourcing for long term response and monitoring. (e.g International / National News – lead story, multiple days)	Sudden or unexpected loss of personnel due to strikes, excessive unauthorised staff absences	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact

Measures of Likelihood			
Description	Detailed Description	Frequency	Probability
Almost Certain	The event is expected to occur in most circumstances	More than once per year	> 90% chance of occurring
Likely	The event will probably occur in most circumstances	At least once per year	60% - 90% chance of occurring
Possible	The event should occur at some time	At least once in 3 years	40% - 60% chance of occurring

Unlikely	The event could occur at some time	At least once in 10 years	10% - 40% chance of occurring
Rare	The event may only occur in exceptional circumstances	Less than once in 15 years	< 10% chance of occurring

Risk Matrix					
Consequence Likelihood	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
Almost Certain	Moderate	High	High	Extreme	Extreme
Likely	Low	Moderate	High	High	Extreme
Possible	Low	Moderate	Moderate	High	High
Unlikely	Low	Low	Moderate	Moderate	High
Rare	Low	Low	Low	Low	Moderate

Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	Shire Management Team/CEO
EXTREME	Unacceptable	Risk only acceptable with effective 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 <u>little</u> scope for improvement.	Processes (Controls) operating as intended and aligned to Policies/Procedures Subject to ongoing monitoring. Reviewed and tested regularly.
Adequate	There is <u>some</u> scope for improvement	1. Processes (Controls) generally operating as intended, however inadequacies exist. 2. Nil or limited monitoring. 3. Reviewed and tested, but not regularly.
Inadequate	There is a <u>need</u> for improvement or action.	1. Processes (Controls) not operating as intended. 2. Processes (Controls) do not exist, or are not being complied with. 3. Have not been reviewed or tested for some time.