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2.3.13 Risk Management

Purpose

The Shire of Manjimup (“the Shire”) Risk Management Policy documents the commitment and objectives regarding managing uncertainty that may impact the Shire’s strategies, goals or objectives.

Policy

It is the Shire’s Policy to achieve best practice with the relevant Australian (aligned with AS/NZS ISO 31000:2018 *Risk Management*), in the management of all risks that may affect the Shire and others.

Risk Management will 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 will determine and communicate the Risk Management Policy, Objectives and Procedures, as well as, direct and monitor implementation, practice and performance.

Every employee within the Shire is recognised as having a role in risk management from the identification of risks to implementing risk treatments and shall be invited and encouraged to participate in the process.

Definitions

The following definitions used in this Policy are the same as those definitions used in AS/NZS ISO 31000:2018. The notes listed below the definition relate to the interpretation of the definition above it.

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).

Note 3: Risk is usually expressed in terms of **risk sources**, potential **events**, their **consequences** and their **likelihood**.

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

Risk Management Objectives

The objectives of this Policy and its associated documents is to;

- Optimise the achievement of our vision, mission, strategies, goals and objectives;



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- Provide transparent and formal oversight of the risk and control environment to enable effective decision making;
- Enhance risk versus return within the Shire's risk acceptance;
- 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;
- The ongoing health and safety of all employees at the workplace;
- Ensure public safety within the Council's jurisdiction is not compromised;
- Limit loss or damage to property and other assets;
- Limit interruption to business continuity;
- Positive public perception of Council; and
- Provide for the application of Equal Opportunity principles in the workforce and the community.

Risk Acceptance

The Shire quantified its risk acceptance criteria through the development and endorsement of the Shire's Risk Assessment and Acceptance Criteria (Appendix A). The criteria are included as a component of this Policy (Appendix A) and are subject to ongoing review.

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 risk acceptance criteria and are to be noted within the individual risk assessment.

Roles, Responsibilities & Accountabilities

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 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 Senior Management Team and its employees. It will be formally reviewed two years.

1. **Appendix A – Risk Assessment and Acceptance Criteria**

Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant (1)	Negligible injuries	Less than \$2,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential or no damage.	Contained, reversible impact managed by on site response
Minor (2)	First aid injuries	\$2,001 - \$20,000	Short term temporary interruption – backlog cleared < 1 day	Some temporary non compliances	Substantiated, low impact, low news item	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response
Moderate (3)	Medical type injuries	\$20,001 - \$100,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact, moderate news profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies
Major (4)	Lost time injury	\$100,001 - \$1,000,000	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	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies
Catastrophic (5)	Fatality, permanent disability	More than \$1,000,000	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	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact

Measures of Likelihood			
Rating	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	Insignificant	Minor	Moderate	Major	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	Director / 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> Processes (Controls) generally operating as intended, however inadequacies exist. Nil or limited monitoring. Reviewed and tested, but not regularly.
Inadequate	There is a <u>need</u> for improvement or action.	<ol style="list-style-type: none"> Processes (Controls) not operating as intended. Processes (Controls) do not exist, or are not being complied with. Have not been reviewed or tested for some time.



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Administration

The Director of Business is responsible for the administration of this Policy.

ADOPTED JULY 2015

REVIEWED 27 MAY 2021

NEXT DUE FOR REVIEW SEPTEMBER 2025

The Administration of this Policy is by Business Directorate