

Shire of Mundaring

POLICY

RISK MANAGEMENT

Policy Ref:	IS-01		
Committee Rec:	PROC7.04.07	Date:	Apr 2007
Adopted by:	C16.04.07	Date:	Apr 2007
Amended by:	C3.12.16	Date:	Nov 2016
Reviewed:	C11.12.18	Date:	Dec 2018
Procedure Ref:	Admin - 36	Delegation Ref:	
Statute Ref:	ISO 31000:2018 – Risk Management - Guidelines <i>Occupational Health & Safety Act 1984</i>		
Local Law Ref:			

Purpose

The Policy documents the commitment and objectives regarding managing uncertainty that may impact the Shire's strategies, goals or objectives.

Definitions

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).

Risk Management

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

Risk Management Committee

Comprises the Executive Leadership Team and Manager Finance and Governance

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.

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, 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 where possible will be incorporated within the Shire's Integrated Planning Framework.

The Risk Management Committee (RMC) will communicate the Risk Management policy, objectives and procedures, as well as direct and monitor implementation, practice and performance.

Every employee, elected member, volunteer and contractor 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.

Consultants may be engaged at times to advise and assist in the risk management process or management of specific risks or categories of risk.

Risk Management Objectives

- Optimise the achievement of our vision, experiences, 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

Risk Appetite

The Shire defined 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 Procedure Admin -36 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 organisation's appetite and are to be noted within the individual risk assessment and approved by RMC.

Roles, Responsibilities & Accountabilities

Council's role is to -

- Review and approve the Shire's Risk Management Policy including the Risk Assessment and Acceptance Criteria
- Appoint external auditors to report on financial statements annually
- Establish and maintain an Audit Committee in accordance with the *Local Government Act 1995*.

The CEO is responsible for the allocation of roles, responsibilities and accountabilities as documented in the Risk Management Procedure Admin – 36.

Monitor & Review

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

This policy will be reviewed by the RMC and appropriate employees prior to a formal review by Council every three years.

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 \$10,000	Exceeds deadline by 5% of project timeline	Exceeds project budget by 2%
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	\$10,000 - \$100,000	Exceeds deadline by 10% of project timeline	Exceeds project budget by 5%
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	\$100,001 to \$350,000	Exceeds deadline by 15% of project timeline	Exceeds project budget by 7.5%
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	\$350 000 to \$2.0M	Exceeds deadline by 20% of project timeline	Exceeds project budget by 15%
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	>\$2.0M	Exceeds deadline by 25% of project timeline	Exceeds project budget by 20%

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	Supervisor / Team Leader
MEDIUM (5-9)	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Service Manager
HIGH (10-16)	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Executive Leadership Team
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 CONTROL RATINGS

Rating	Foreseeable	Description
Effective	There is little scope for improvement.	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.	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.	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.