

# Risk Management

## Introduction

The Shire of Toodyay is exposed to a broad range of risks which could adversely impact the achievement of strategic community objectives.

This policy is intended to commit to organisation-wide risk management principles, systems and processes that ensure consistent, efficient and effective assessment of risk in all planning, decision making and operational processes.

## Application

This Policy applies to all risk processes within the Shire and is subject to regular monitoring through the Audit and Risk Committee and Council. This policy applies to all activities undertaken by officers, volunteers, contractors and elected members.

## Policy Intent

This policy intends to create an environment where Council, management and staff accept direct responsibility for risk management, through development, implementation of and maintaining effective risk management practices. Risk management is the responsibility of everyone and will be treated as an integral part of the Shire's culture, policies and procedures.

This policy aims to develop and maintain an organisational culture which shows confidence in the use of risk assessment and management tools in:

- the effective and efficient delivery of agreed levels of service
- maintaining financial sustainability
- developing and maintaining an effective and positive relationship between Council and the community
- enabling the Council in partnership with the community, to make decisions for the community's future with a high level of confidence that key risks have been taken into account and where relevant, are being, or have been, mitigated.
- to ensure that appropriate risk assessment and management provisions are in place in order to satisfy statutory requirements and identified risks mitigated.

## Definitions

Explain what terms within this policy mean. (example below)

Term	Definition
Act	<i>Local Government Act 1995.</i>
Audit & Risk Committee	Committee established under section 7.1A of the <i>Local Government Act 1995</i>
CEO	Chief Executive Officer

Term	Definition
Council	The local government, responsible for making decisions in formal meetings held under the auspices of Part 5 of the <i>Local Government Act 1995</i> and under the <i>Shire's Standing Orders Local Law 2008</i> .
Regulations	Local Government (Administration) Regulations 1996.
Risk	Means "the effect of uncertainty on objectives." AS/NZS ISO 31000:2018. A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative, or a deviation from the expected. An objective may be financial, related to health and safety, or defined in other terms.
Risk Assessment	Means the process of applying risk management methodologies to assess the level of risk in a particular or general circumstance, activity or operation, or decision.
Risk Management	Means the application of coordinated activities to direct and control an organisation with regard to risk.
Shire	the Shire of Toodyay.

## Principles

The Shire considers risk management to be an essential management function in its operations. The Shire is committed to the principles, framework and process of managing risk as outlined in AS/NZS ISO 31000:2018.

The Shire will manage risks continuously using a process involving the identification, analysis, evaluation, treatment, monitoring and review of risks. It will be applied to decision making through all levels of the organisation in relation to planning or executing any function, service or activity.

The Shire will consider the following key principles for effective risk management:

- (a) Integrated - Risk management is an integral part of all organisational activities and will be considered in alignment with the Shire's strategic objectives.
- (b) Structured and comprehensive - A structured and comprehensive approach to risk management contributes to consistent and comparable results.
- (c) Customised - The risk management framework and process are customised and proportionate to the organisation's external and internal context related to its objectives.
- (d) Inclusive - Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.
- (e) Dynamic - Risks can emerge, change or disappear as an organisation's external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.

- (f) Best available information - The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.
- (g) Culture - Human behaviour and culture significantly influence all aspects of risk management at all levels.
- (h) Continual improvement - Risk management is continually improved through learning and experience.

## Framework

The Shire will develop and maintain a Risk Management Framework that underpins the principles of effective risk management and provides guidance to Council and staff. The framework will be subject to regular reviews every three years to coincide with the Reg 17 review to be undertaken in accordance the *Local Government (Audit) Regulations 1996*.

## Reporting and Monitoring

The Shire will implement a robust reporting and recording system that will be regularly monitored to ensure close out of risks and identification of ongoing issues and trends. Risks will be reported to the Audit & Risk Committee and reviewed at least twice-yearly. Risks rated significant or extreme will be reported to the Audit and Risk Committee or Council at the earliest opportunity.

## Reference Information

*Nil.*

## Legislation

*Local Government Act 1995 (WA)*

## Associated documents

AS/NZS ISO 31000:2018

## Version control information

Version No.	Date Issued	Review position	Developed by	Approved by
V1	25/11/2014	Adoption	Manager Corporate & Community Services	Council CRN: 344/11/14.
V2	26/10/2021	Reviewed	Manager Corporate & Community Services	Council CRN:

Document control information	
Document Theme	Administration

<b>Document control information</b>	
<b>Document Category</b>	Administration
<b>Document Title</b>	Risk Management
<b>Document ID</b>	ADM18
<b>Document Owner (position title)</b>	Manager Corporate and Community Services
<b>Author (position title)</b>	Executive Services
<b>Date of approval</b>	26 October 2021 (CRN: 218/10/21)
<b>Approving authority</b>	Council
<b>Access restrictions</b>	Nil
<b>Date Published</b>	31/05/2022
<b>Date of last review</b>	Risk Tables – 24 Aug 2021 (CRN: 175/08/21)  Whole Policy – 26 Oct 2021 (CRN: 218/10/21)
<b>Date of next review</b>	10 August 2022
<b>Archived antecedent documents and previous versions</b>	25 NOV 2014 (CRN: 344/11/14)

### Shire of Toodyay - Measures of Consequence

Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
<b>Insignificant (1)</b>	First aid injuries	Less than \$10,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential damage.	Contained, reversible impact managed by on site response
<b>Minor (2)</b>	Medical type injuries	\$10,001 - \$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
<b>Moderate (3)</b>	Lost time injury <30 Days	\$20,001 - \$150,000	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
<b>Major (4)</b>	Lost time injury >30 Days	\$150,001 - \$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	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies
<b>Catastrophic (5)</b>	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	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact

### Shire of Toodyay 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

### Shire of Toodyay Risk Matrix

Likelihood	Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
		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)

Shire of Toodyay Risk Acceptance Criteria			
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
MODERATE (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 Managers / CEO
EXTREME (20-25)	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

Shire of Toodyay Existing Controls 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.