
5.31- Risk Management

Policy Owner	Audit and Risk Committee Office of CEO
Person Responsible	Chief Executive Officer
Date of Adoption	23 August 2023
Date of Last Review	21 August 2024 – Resolution 080824
Date Next Due for Review	3 years / or earlier if required

PURPOSE

The purpose of this Policy is to state the Shire of Wongan-Ballidu's (Shire's) intention to identify potential risks before they occur, so that impacts can be minimised or opportunities realised; ensuring that the Shire achieves its strategic and corporate objectives efficiently, effectively and within good corporate governance principles. The Policy outlines the Shire's risk management approach and the risk management responsibilities of Council and Administration to ensure that all strategic and operational activities are undertaken in accordance with best practices as per AS/NZS ISO 31000:2018.

OBJECTIVES

The objectives of this Policy are to:

- Provide transparent oversight of risks to enable effective decision making;
- Provide guidance on acceptable risk versus return associated with the Shire's projects, services and programs;
- Embed appropriate and effective controls to manage risk; and
- Ensure that the Shire adheres to its statutory and regulatory obligations.

RESPONSIBILITY FOR IMPLEMENTATION

The Chief Executive Officer is responsible for overseeing the implementation and ensuring organisational adherence to this Policy.

KEY POLICY DEFINITIONS

Risk: The 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 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

The Shire will develop and implement effective risk management systems and processes, as further defined in the Shire's Risk Management Procedure, that:

- Optimises the achievement of the Shire's values, strategies, goals and objectives.
- Aligns with and assists the implementation of Shire Policies.
- Provides transparent and formal oversight of the risk and control environment, enabling effective decision-making.
- Reflects risk versus return considerations within the Shire's risk appetite.
- Embeds appropriate and effective controls to mitigate risk.
- Achieves effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhances organisational resilience.
- Identifies and provides for the continuity of critical operations.

ROLES AND RESPONSIBILITIES

The CEO is responsible for:

- Implementation of this Policy.
- Measurement and reporting on the performance of risk management.
- Review and improvement of this Policy and the Shire's risk management framework at least biennially, or in response to a material event or change in circumstances.

The Shire's risk management framework outlines in detail all roles and responsibilities associated with managing risks within the Shire.

RISK ASSESSMENT AND ACCEPTANCE PROCEDURES

The Shire has quantified its broad risk appetite through the Shire's 'Risk Assessment and Acceptance Criteria' (below). The Criteria are included within the Risk Management Framework and as a component of this Policy.

All organisational risks are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision-making.

Whilst these risk criteria are necessarily broad in their guidance, they offer insight to staff about risk areas or activities where Council has set reasonable boundaries.

For operational requirements such as Projects, Events, Work Health and Safety, or in rare instances in which the Shire's Risk Assessment and Acceptance Criteria are unclear in

determining a level of risk, alternative risk assessment criteria may be utilised, however these cannot exceed the organisation's risk appetite, and approval for such use must first be obtained from the CEO.

MONITOR

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

REVIEW

This Policy will be kept under review by the Shire's Management Team. It will be formally reviewed triennially.

RESPONSIBILITY FOR IMPLEMENTATION

The Chief Executive Officer is responsible for implementing and applying this policy.

Shire of Wongan-Ballidu Risk Assessment and Acceptance Criteria

Rating (Level)	People (WHS)	Service Interruption	Reputational	Compliance	Property	Natural Environment	Financial
Insignificant (1)	Near miss. Minor first aid injuries	No material service interruption <3 hours	Unsubstantiated, isolated individual's issue-based complaint with no media coverage	No noticeable regulatory or statutory impact	Inconsequential damage.	Contained, reversible impact managed by on-site response	Less than \$10,000
Minor (2)	Medical -type injuries	Short-term temporary interruption – backlog cleared <1 day	Unsubstantiated, low impact, restricted to small group of community or area with little to no media coverage	Some temporary non-compliances	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response	\$10,000 - \$50,000
Moderate (3)	Lost-time physical or mental injury <30 days / Multiple staff morale problems	Medium-term temporary interruption – backlog cleared by additional resources <1 week	Either substantiated or unsubstantiated public comments resulting in reduced confidence in the Shire	Short term non-compliance but with significant regulatory requirements imposed	Localised damage requiring internal & external resources to rectify	Contained, reversible impact managed by internal & external agencies	\$50,001 to \$250,000
Major (4)	Lost-time physical or mental injury >30 days / Widespread staff morale problems	Prolonged interruption of services – additional resources required; performance affected <1 month	Substantiated. Considerable and prolonged negative community impact, publicly expressed resulting in significant reduction in confidence in the Shire and widespread media attention.	Non-compliance results in termination of services or imposed penalties	Significant and/or widespread damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies	\$250,001 to \$500,000
Catastrophic	Fatality, permanent	Indeterminate prolonged interruption	Substantiated. Significant adverse	Non-compliance results in litigation,	Extensive damage requiring	Uncontained, irreversible	>\$500,000

Rating (Level)	People (WHS)	Service Interruption	Reputational	Compliance	Property	Natural Environment	Financial
(5)	disability. Shire no longer an employer of choice. Loss of key staff.	of services – non-performance >1 month	community impact and significant loss in confidence in the Shire’s abilities to carry out their roles and responsibilities. Significant widespread media attention.	criminal charges, significant damages and/or penalties	prolonged period of restitution Complete loss of plant, equipment & building	impact	

		Shire of Wongan-Ballidu Measures of Likelihood			
Level	Rating	Likelihood Description	Likelihood frequency	Probability	Control Effectiveness
1	Rare	The event may only occur in exceptional circumstances (<5% chance)	Less than once in 15 years	<5%	Controls are very strong and operating as intended. There is no scope for improvement
2	Unlikely	The event could occur at some time (<10% chance)	At least once in 10 years	5-25%	Controls are strong and operating as intended
3	Possible	The event should occur at some time (20% chance)	At least once in 3 years	25-75%	Controls are operating as intended, but there is scope for improvement
4	Likely	The event will probably occur in most circumstances (>50% chance)	At least once per year	75-95%	Controls are operating; however, inadequacies exist
5	Almost Certain	The event is expected to occur in most circumstances (>90% chance)	More than once per year	>95%	Controls are weak, do not exist, or are not being complied with

Consequence X Likelihood = Risk Rating

Shire of Wongan-Ballidu Risk Rating						
Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)

Shire of Wongan-Ballidu Existing Control Ratings		
Rating	Foreseeable	Description
Fully Effective	There is no scope for improvement with all available resources.	Controls are operating as intended and aligned with policies and procedures. Controls are documented, up to date, understood by users, not forgotten or components missed, does not expose the organisation to theft or fraud and is delivered consistently within statutory or service delivery standards. Controls are subject to ongoing monitoring. Controls are reviewed and tested regularly.
Adequate	There is some scope for improvement.	Controls are generally operating as intended; however, inadequacies exist. Limited monitoring of controls. Controls are reviewed and tested, but not regularly.
Inadequate	There is a need for improvement or action.	Controls are not operating as intended. Controls do not exist, or are not being complied with. Controls have not been reviewed or tested for some time.

Shire of Wongan-Ballidu 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	Supervisor / Team Leader
Moderate (5-9)	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Executive Management
High (10-19)	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	CEO & Executive
Extreme (20-25)	Unacceptable in most circumstances	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 documented monitoring	CEO & Council

****Extreme risks require a risk treatment plan which is reported to the CEO (via the Executive Management Team) and to the Audit and Risk Committee until the risk rating is at an acceptable level**