## 1.16 RISK MANAGEMENT POLICY

Distribution: Elected members, All Employees, Contractors and Volunteers

Responsible Officer: Chief Executive Officer

Date Adopted: September 2015 – Version 1 – Resolution: 1 092015.SM

Last Review: 19 March 2025 – Version 3 – Resolution: 10.4 OCM 0305

**Purpose**

To set effective risk management practices across Council within a framework that can be clearly comprehended and applied by all participants in Council activity. The policy aims to mitigate adverse effect of risk associated with operation and to capitalise on any identified positive opportunities.

**Objective**

Establish a systematic method of developing context; identifying, analysing, evaluating, treating, monitoring and reviewing risk associated with Council's function and process to mitigate potential loss and maximise opportunities for the Shire of Goomalling.

- Council and management have a clear understanding of risks and strive for best practice (ISO 31000-Risk Management);
- Optimise the achievement of the Shire vision, mission, strategies, goals and objectives;
- Provide transparent and formal oversight of risk and control environment to enable effective decision making and planning for risk;
- Promote a positive risk culture;
- Enhance risk versus return without risk appetite;
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations;
- Ensure the ongoing health and safety of Council constituents;
- Enhance organisational resilience; and
- Identify and provide for the continuity of critical operations.

**Scope**

Elected members, all employees, contractors, committees and volunteers

**Risk Appetite**

The Council quantified is risk appetite through the development and endorsement of the Shire of Goomalling Risk Assessment and Acceptance Criteria. The criteria are included within the risk management procedures and are subject to ongoing review in conjunction with this policy.

**Standard**

*Definitions*

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|---|---|
| *Risk* | *AS/NZ ISO 31000 defines risk as "the effect of uncertainties on objectives". A risk is the potential consequence from a specific event or circumstance. An effect is a deviation from the expected – positive or negative. Objectives can have different aspect (such as health and safety, financial or 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 during consultation to establish context; identify, analyse, evaluate, treat, monitor and review potential risks. |

Risk Management will form part of the strategic, operational, project and line management responsibilities and where practicable, be incorporated within the Shire of Goomalling Integrated Planning Framework.

- The Shire of Goomalling 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, contractor and volunteer within the Shire of Goomalling is recognised as having a role in risk management, from the identification of risk, to implementing risk treatments and shall be encourage to participate in the process;

- Consultants may be retained at times to advise and assist in the risk management process or management of specific risk or categories of risk;

- All organisational risk to be reported at a corporate level are to be assessed according to the Shire of Goomalling Assessment and Acceptance Criteria to allow consistency and informed decision making. For operational requirements such as project 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;

- Shire of Goomalling will implement and integrate a monitor and review process to report on achievement of risk management objectives, the management of individuals risks and ongoing identification of issues and trends;

- Disability must not automatically be deemed to present a risk issue;
    - Where concern of risk occurs due to disability these concern/s must be investigated with the employee involved. The employee, at the commencement or during this process may request that an advocate be involved to assist them in responding to concerns; and
    - In the event of an identified risk, reasonable adjustment shall be considered and if required ongoing management shall be applied.

- This policy will be kept under review by the Shire's Management Team and its employees. It will be formally reviewed biennially.

**Risk assessment is application across the organisation in the following (but not limited to) broad categories:**
- Misconduct
- Inadequate environmental management
- Inadequate cultural awareness
- Business and community disruption
- External theft and fraud
- Errors omission and delays
- Failure of IT and or communication systems and infrastructure
- Failure to fulfil statutory, regulatory or compliance requirements
- Inadequate document management process
- Inadequate engagement practices
- Inadequate asset sustainability practices
- Inadequate safety and security practices
- Ineffective employment practices
- Inadequate project management
- Inadequate supplier/contract management
- Ineffective management of facilities, venues and events

The level of risk associated with, and acceptable to each business are of the Council is identified in the Risk Management Procedure.

| MEASURES OF CONSEQUENCE | | | | | | | |
|---|---|---|---|---|---|---|---|
| RATING | PEOPLE | INTERRUPTION TO SERVICE | REPUTATION Social Community | COMPLIANCE | PROPERTY Plant Equipment Buildings | NATURAL ENVIRONMENT | FINANCIAL IMPACT |
| Insignificant (1) | Near-Miss | No material service interruption Less than one (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 $2000 |
| Minor (2) | First Aid Treatment | Short term temporary interruption – backlog cleared < one (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 | $2001 - $10,000 |
| Moderate (3) | Medica treatment/Lost time injury >30 days | Medium term temporary interruption – backlog cleared by additional resources < one (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 | $10,001 to $100,000 |

| MEASURES OF CONSEQUENCE (Cont.) | | | | | | | |
|---|---|---|---|---|---|---|---|
| RATING | PEOPLE | INTERRUPTION TO SERVICE | REPUTATION Social Community | COMPLIANCE | PROPERTY Plant Equipment Buildings | NATURAL ENVIRONMENT | FINANCIAL IMPACT |
| 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 and external resources to rectify | Uncontained, reversible impact managed by a coordinated response form external agency | $100,001, to 500,000 |
| 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 of Officers | Extensive damage requiring prolonged period of restitution. Complete loss of plant, equipment and building | Uncontained irreversible impact | More than $500,000 |

| MEASURES OF CONSEQUENCES (PROJECT) | | | | |
|---|---|---|---|---|
| LEVEL | RATING | PROJECT | | |
| | | TIME | COST | SCOPE/QUALITY |
| 1 | Insignificant | Exceeds deadline by >5% of project timeline | Exceeds project budget by 2% | Minor variations to project scope or quality |
| 2 | Minor | Exceeds deadline by >10% of project timeline | Exceeds project budget by 5% | Scope creep requiring additional work, time or resources. Reduced perception of quality by stake holders. |
| 3 | Moderate | Exceeds deadline by >15% of project timeline | Exceeds project budget by 7.5% | Scope creep requiring an additional work, time and resources or shortcuts being take. Stakeholder concerns. |
| 4 | Major | Exceeds deadline by >20% of project timeline | Exceeds project budget by 15% | Project goals deliverables costs and/or deadline failures. Project no longer aligned with the project scope. Stakeholder intervention in project. |
| 5 | Extreme | Exceeds deadline by 25% of project timeline | Exceeds project budget by 20% | Failure to meet project objectives. Project outcomes negatively affecting the community or the environment. Public embarrassment, third party actions. |

| MEASURE 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 in exceptional circumstances | Less than once in 15 years |

| 1 | Rare | The event may only occur in exceptional circumstances | Less than once in 15 years |
|---|------|-------------------------------------------------------|----------------------------|

| RISK MATRIX | | | | | | |
|---|---|---|---|---|---|---|
| **Consequence** | | **Insignificant** | **Minor** | **Moderate** | **Major** | **Extreme** |
| **Likelihood** | | **1** | **2** | **3** | **4** | **5** |
| **Almost Certain** | **5** | Moderae (5) | High (10) | High (15) | Extreme (20) | Extreme (20) |
| **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 | Manager |
| MEDIUM (5-9) | Monitor | Risk acceptable ith adequiae controls, managed by specific procedures and subject to semi-annual monitoring | Manager |
| HIGH (10-16) | Urgent Attention Required | Risk acceptable with excellent controls, managed by senior management executive and subject to monthly monitoring | Executive Management 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 |

**Roles & Responsibilities**
**Elected members**

- Have a strong understanding of effective risk management;
- Support effective risk management process throughout the organisation; and
- Be suitably informed in risk management for audit and risk management review annually.

**Chief Executive Officer**

- Ensure Council's Risk Management Plan is implemented;
- Ensure management team are adequately training is risk assessment; and
- Ensure employees are aware of their role in risk management.

**Executive Management**
- Encourage all employees, contractors and volunteers to participate in managing risk within their own area;
- Promote morality, accountability and reporting of risk including escalation or changes to identified risks;
- Scrutinise programs and projects for potential risks;
- Evaluate risk associated will all department functions;
- Determine risk treatments;
- Effectively communicate risk awareness and information across the organisation; and;
- Meet regularly to review strategic risks.

**All employees/contractors and volunteers**
- Be aware of risk and ensure they participate in risk mitigation within the workplace;
- Report risk and the escalation of identified risks immediately; and
- Actively participate in reducing risk in the workplace.

**Legislation**
*Local Government Act 1995* and associate Regulations
*Work Safety & Health Act 2020* and associate Regulations
*AS/NZS ISO 31000:2009 Risk Management Principles and Guidelines*

**Resource Documents**
Strategic Community Plan **2019- 2029 -** Objective 4 – Civil leadership
Corporate Business Plan 2013
Workforce Plan 2015
Asset Management Plan 2012

**Procedures Manual**
Risk Management – Risk Assessment and Acceptance Criteria
Risk Profile Reporting Tool

**Local Law**
Management and Control of Goomalling Cemetery as amended 2010
Extractive Industries 2007
Local Laws relating to Fencing as amended 2010
Health Local Laws 2007
Local Government Property Local Law as amended 2010
Refuse Disposal Facilities Local Law as amended 2008
Waste Local Law as amended 2011
Local Law relating to Fire Breaks 1997
Local Laws relating to Dogs 1997
Local Laws relating to Parking Facilities 1997
Local Laws in relation to the conduct of proceedings and the business of Council 1997

**Delegation**

Nil