



<b>POLICY NO</b>	<b>CP GOV-3108</b>	
<b>POLICY</b>	<b>Risk Management</b>	
<b>RESPONSIBLE DIRECTORATE</b>	Governance	
<b>RESPONSIBLE OFFICER</b>	Chief Executive Officer	
<b>COUNCIL ADOPTION</b>	Date: 18/07/2017	Resolution No: 11719
<b>REVIEWED/MODIFIED</b>	Date:	Resolution No:
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<b>REVIEW DUE</b>	Date: Jun 2019	
<b>LEGISLATION</b>	<i>Local Government (Audit) Regulations 1996</i>	
<b>POLICIES</b>		
<b>OTHER DOCUMENTS</b>	Strategic Community Plan OD GOV-4104 Risk Management Organisational Directive OD GOV-4105 Risk Register AS/NZS ISO 31000:2009 ISO Guide 73:2009	

## PURPOSE

This policy commits the Shire of Wyndham-East Kimberley to best practice in Risk Management in all of its functions and assets with the aims of successful implementation of the Strategic Community Plan, improved legislative compliance and minimised loss.

## DEFINITIONS

**Shire** the Shire of Wyndham-East Kimberley

**Shire Personnel** means Shire employees, contractors or work experience persons

**Council** elected members of the Shire of Wyndham-East Kimberley

**Event** occurrence or change of a particular set of circumstances (AS/NZS ISO 31000:2009)

**Executive Management Team** Shire Personnel who report to or are themselves the Chief Executive Officer

**Level of Risk** magnitude of a risk or combination of risks, expressed in terms of the combination of consequences and their likelihood (AS/NZS ISO 31000:2009)

**Review** activity undertaken to determine the suitability, adequacy and effectiveness of the subject matter to achieve established objectives (AS/NZS ISO 31000:2009)

**Risk** effect of uncertainty on objectives (AS/NZS ISO 31000:2009)

**Risk Assessment** overall process of risk identification, risk analysis and risk evaluation (AS/NZS ISO 31000:2009)

**Risk Criteria** terms of reference against which the significance of a Risk is evaluated. (AS/NZS ISO 31000:2009)

**Risk Identification** process of finding, recognizing and describing risks (AS/NZS ISO 31000:2009)

**Risk Management** coordinated activities to direct and control an organization in regard to risk.

**Risk Management Framework** set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization (AS/NZS ISO 31000:2009)

**Risk Management Policy** statement of the overall intentions and direction of an organization related to risk management (AS/NZS ISO 31000:2009)

**Risk Owner** person or entity with the accountability and authority to manage a risk (AS/NZS ISO 31000:2009)

**Risk Profile** description of any set of risks (AS/NZS ISO 31000:2009)

**Risk Register** record of information about identified risks (ISO Guide 73:2009)

**Residual Risk** risk remaining after risk treatment (AS/NZS ISO 31000:2009)

**Risk Source** element which alone or in combination has the intrinsic potential to give rise to risk (AS/NZS ISO 31000:2009)

**Risk Treatment** process to modify risk (AS/NZS ISO 31000:2009)

**Service Delivery** process of developing, operating or maintaining Shire services or assets

**Supervisor** Shire Personnel with line management responsibilities, including but not limited to the roles of Director, Manager, Team Leader, Supervisor and Coordinator

**Tolerable** Level of Residual Risk at or below which Service Delivery may occur (see Risk Management Organisational Directive)

## **POLICY STATEMENTS**

### **1. Commitments as to Risk Management**

- (1) The Shire must manage Risk in accordance with AS/NZS ISO 31000:2009.
- (2) The Shire must provide the necessary resources to assist those accountable and responsible for managing Risk.
- (3) The Shire should Review and improve elements of the Risk Management Framework where Risk Assessment of any aspect of Service Delivery determines a level of Residual Risk equal to or exceeding Tolerable.

## 2. Rationale for managing Risk

The Shire is committed to the management of Risk in order to:

- (1) Minimise human, environmental and organisational harm and loss in Service Delivery;
- (2) Comply with legal and regulatory requirements and
- (3) Increase the likelihood of achieving its goals.

## 3. Risk Management in the context of the Shire's objectives and policies

- (1) The Shire commits to Risk Management with the aim of increasing the likelihood of achieving the goals of its Strategic Community Plan (SCP), as illustrated in the framework below.

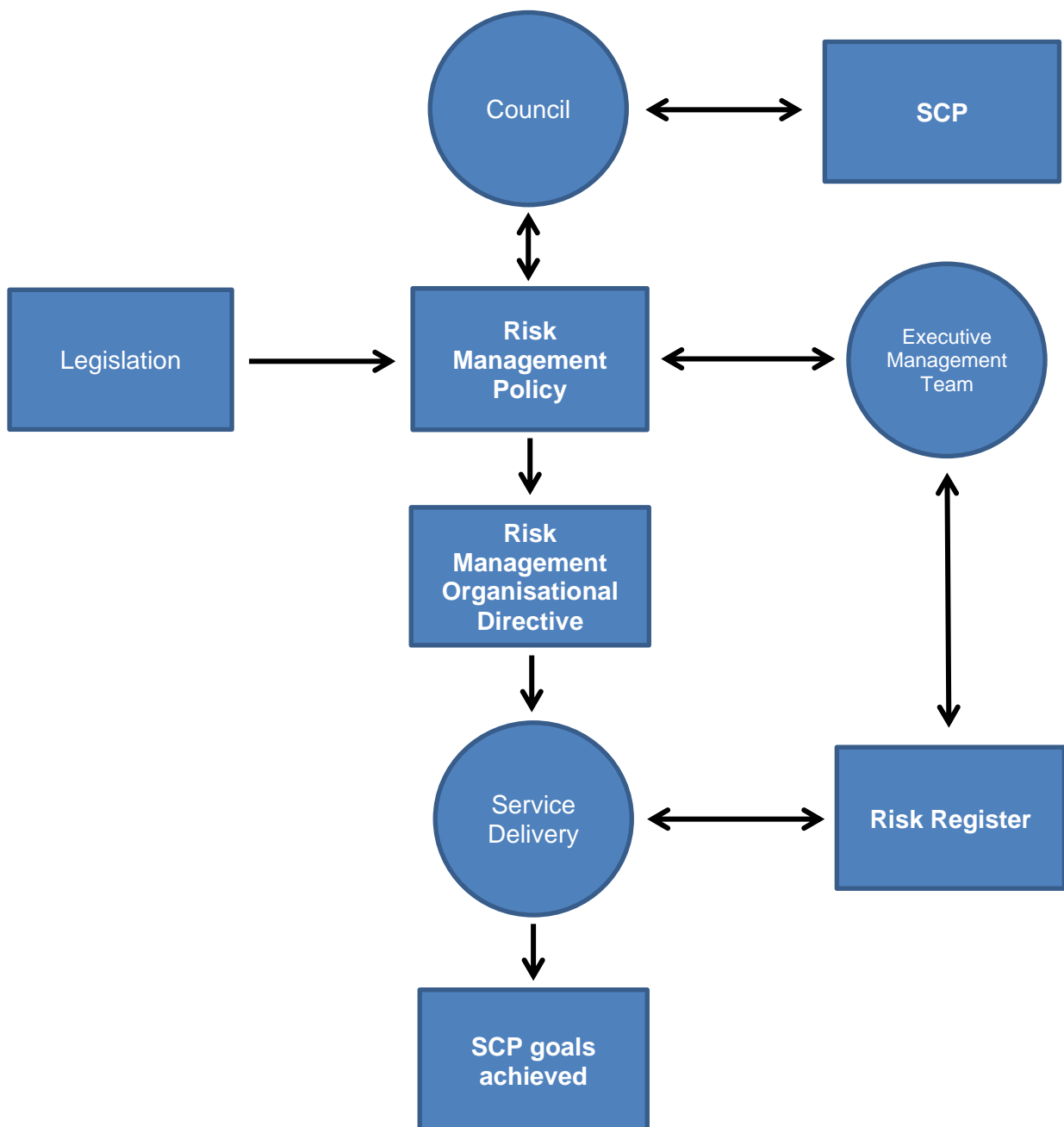


Figure 1. Risk Management Framework, Shire of Wyndham East Kimberley

### **3.1 Risk Management Organisational Directive**

- (1) The Risk Management Organisational Directive should contain the Shire's Risk Criteria and the Risk tables deriving there from and detail the application of Risk Management within the Service Delivery process.

### **3.2 Risk Register**

- (1) The Risk Register should detail each Risk assessed by the Executive Management Team as being at a level of Residual Risk of Tolerable or above, being both a reference to guide the process of Service Delivery and a means to capture new and updated Risk data produced as a consequence of that process.

### **3.3 Other Documents**

- (1) Where being found in the Risk Register, a Risk with a level of Residual Risk of Tolerable and any corresponding Risk Treatment should also be included in the relevant Policy, Organisational Directive or Work Instruction documents, as for the 'Risk' subheading of this Policy below.

## **4. Accountability and responsibility for Risk Management**

### **4.1 Council**

Council must:

- (a) incorporate Risk Management in any plan for the future;
- (b) incorporate, in respect of Risk Management, estimated expenditure and detailed information including amounts to be set aside in, or used from, reserve accounts in each annual budget;
- (c) demonstrate consideration of the Shire's Risk Management Framework in the development of local laws, council policies and plans;
- (d) advocate for Risk Management within the Shire in accordance with and AS/NZS ISO 31000:2009 and the Shire's rationale for managing Risk and
- (e) by way of the Audit (Finance and Risk) Committee, Review periodically the Risk Management Policy.

### **4.2 Chief Executive Officer**

The Chief Executive Officer must:

- (a) maintain Risk Management across Shire functions, operations and personnel;
- (b) ensure the incorporation of the Risk Management Framework in Organisational Directives and Work Instructions;
- (c) Review periodically the Risk Management Policy;
- (d) Review periodically the Risk Register;

- (e) allocate resources necessary to support the Shire's rationale for managing Risk and
- (f) report to the Audit (Finance and Risk) Committee on a periodic basis, on the Shire Risk Profile which may include Risk Assessment and Risk Treatment activities.

#### **4.3 Executive Management Team**

Members of the Executive Management Team must:

- (a) Review and approve allocation of Risk, audit and Risk Treatment resources consistent with the Shire Risk Register;
- (b) actively seek and Review reporting from Service Delivery and the Risk Register for evidence of effectiveness in Risk Assessment and Risk Treatment and enact measures for correction where best practice is not evident and
- (c) monitor changes to Shire's Risk Profile and communicate to the Audit (Finance and Risk) Committee.

#### **4.4 Supervisor**

A Supervisor must:

- (a) maintain the Risk Management Framework, ensuring Risk Management is appropriately incorporated within any Policy, Organisational Directive or Work Instruction for elements of Service Delivery in their charge;
- (b) make regular Risk Assessment of elements of Service Delivery in their charge in consultation with relevant Shire Personnel and ensure Risk Treatment occurs to assist in the management of emerging Risk and revision for potential improvement to any previous Risk Assessment;
- (c) conduct Risk Assessment and Risk Treatment for Risk Sources within relevant or identified elements of Service Delivery;
- (d) enable Risk Assessment and Risk Treatment for Risk identified by Shire Personnel in their charge;
- (e) be the Risk Owner for any Risk in the Risk Register pertaining to elements of Service Delivery in their charge and
- (f) ensure communication of the Risk Management Framework to Shire Personnel in their charge.

#### **4.5 All Personnel**

Shire Personnel must, where engaged in or contributing to Service Delivery:

- (a) conduct themselves consistent with the Shire's commitments as to Risk Management and rationale for managing Risk as stipulated in this Policy;
- (b) conduct themselves in accordance with relevant plans, Policies, Organisational Directives and Work Instructions and

- (c) perform Risk Assessment upon perceiving any untreated Risk Source, or Risk exceeding Tolerable and which conflicts with any element of the Shire's rationale for managing risk as above.

## **5. Conflicting interests**

- (1) Conflicts perceived to arise within the Shire's rationale for managing risk or which are otherwise purported to amount to an impediment to Risk Assessment and/or Risk Treatment must be referred to the Executive Management Team or where involving a Risk Source pertaining to an imminent Event, directly to the Chief Executive Officer for resolution.

## **6. Measurement and reporting**

- (1) The Shire should engage external auditors at least once every two years to Review the Risk Management Framework against the relevant Australian Standard and in line with legislation to support its rationale for managing Risk.
- (2) The Shire will as soon as reasonably practicable notify Shire Personnel of:
  - (a) any Event for which a Risk Assessment indicates a Level of Risk above Tolerable and
  - (b) any Risk being added to the Risk Register.

## **7. Review and improvement**

- (1) The Shire should Review and improve elements of the Risk Management Framework where at a minimum a Risk Assessment of an Event or Risk Source determines a level of Residual Risk equal to or exceeding Tolerable. The corresponding Risk is to be added to the Risk Register and reviewed by the Executive Management Team on a periodic basis.

## **RISK**

**Risk:** Failure to comply with legislative requirements leading to damage of reputation and/or financial loss.

**Control:** Review policies and procedures in accordance with review schedule.