

# Risk Management

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## Introduction

The Shire of Toodyay may be exposed to a broad range of risks which could adversely affect its operations and impact the achievement of strategic, operational and community objectives.

The Shire is therefore committed 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.

## Objective (refer to the Risk Management Framework [RMF])

- (a) To create an environment where Council, Executive Managers, and Workers accept direct responsibility for risk management, through development, implementation of and maintaining effective risk management practices.
- (b) To develop and maintain an organisational culture which shows confidence in the use of risk assessment and management tools in:
  - i. the effective and efficient delivery of agreed levels of service;
  - ii. maintaining financial sustainability;
  - iii. developing and maintaining an effective and positive relationship between Council and the community;
  - iv. 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;
  - v. to ensure that appropriate risk assessment and management provisions are in place in order to satisfy statutory requirements and identified risks mitigated.
- (c) 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.
- (d) Ensuring public safety within the Shire's district is not compromised.
- (e) To achieve organisation goals and objectives
- (f) To support the ongoing health and safety of all workers at the workplace
- (g) To limit loss or damage to property and other assets
- (h) To limit interruption to business continuity
- (i) To ensure through collaboration of the Council and the Administration that there is a positive public perception of the Council and the Shire
- (j) To apply equal opportunity principles in the workforce and the community.

## Scope

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 Members and Workers.

## Definitions

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
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> .
Executive Managers	Senior Employees that Council resolved (Res. No. OCM026/03/22) to designate in accordance with section 5.37 of the <i>Local Government Act 1995</i> : <ul style="list-style-type: none"> <li>• Executive Manager Corporate and Community Services;</li> <li>• Executive Manager Infrastructure, Assets &amp; Services; and</li> <li>• Executive Manager Development and Regulation.</li> </ul>
Members	In relation to a council or committee, a Council Member in the Act; Elected Member; or Councillor; or a member of the committee.
Regulations	Local Government (Administration) Regulations 1996.
Risk	"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	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	The application of coordinated activities to direct and control an organisation regarding risk.

Term	Definition
RMF	Risk Management Framework
Shire	the Shire of Toodyay.
Workers	Employees, contractors, and volunteers as per the <i>Work Health and Safety Act 2020</i> (WHS) legislation.

## Policy Statement

Risk management is the responsibility of everyone and will be treated as an integral part of the Shire's corporate governance, culture, policies and procedures.

The Shire recognises that the risk management responsibility for managing specific risks lies with the person who has the responsibility for the function, service or activity that gives rise to that risk.

## Risk Management Framework (RMF)

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 have in place a Risk Management Framework that underpins the principles of effective risk management and provides guidance to Council, Members, Workers and the community. The framework will be subject to regular reviews every three years to coincide with the Audit Reg 17 review to be undertaken in accordance the Local Government (Audit) Regulations 1996.

## Principles *(refer to the Risk Management Framework)*

The risk management framework contains key principles for effective risk management that are to be considered when identifying, assessing, or managing risk.

The Shire will consider these key principles for effective risk management.

## Procedures *(refer to the Risk Management Framework)*

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 Shire in relation to planning or executing any function, service or activity.

In particular it will be applied to:

- (a) Strategic Planning;
- (b) Expenditure of large amounts of money;
- (c) New strategies, plans and procedures;
- (d) Management of procurement, projects, business cases or other proposals;
- (e) Introducing change management; and
- (f) The management of sensitive issues.

## Responsibilities *(refer to the Risk Management Framework)*

27/03/2024

Risk Management Policy

Page 3

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- (a) Council is committed morally and financially to the concept and resourcing of risk management.
- (b) It is the responsibility of every department to observe and implement this policy in accordance with procedures and initiatives that are developed by management.
- (c) Executive Managers, Line Managers, Coordinators, and Supervisors have the responsibility and accountability for ensuring that:
  - i. all workers manage the risks within their own work areas. Risks should be anticipated and reasonable protective measures taken.
  - ii. they encourage openness and honesty in the reporting and escalation of risks.
- (d) All Workers will:
  - i. be encouraged to alert management to the risks that exist within their area, without fear of recrimination.
  - ii. after appropriate training and induction, adopt the principles of risk management and comply with all policies, procedures and practices relating to risk management.
  - iii. as required, conduct risk assessments during the performance of their daily duties.
  - iv. The level of sophistication of the risk assessment will be commensurate with the scope of the task and the associated level of risk identified.
- (e) Failure by Workers to observe reasonable directions from Executive Managers/Line Managers or Supervisors regarding the management of risks and/or failure of workers to take reasonable care in identifying and treating risks in the workplace may result in disciplinary action.

### **Monitoring and Reporting** *(refer to the Risk Management Framework)*

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.

Risk Management key performance indicators, as part of a risk register for the Shire, relating to organizational and personal performance will be developed, implemented and monitored by the Shire.

The Shire will report and provide regular updates to the Audit & Risk Committee and any risks that are rated significant or extreme will be reported to the Audit and Risk Committee and Council at the earliest opportunity.

### **Reference Information**

- [AS/NZS ISO 31000:2018 Risk Management Guidelines](#)
- [Risk Management Resources \(Department of Local Government\)](#)
- [Internal Control Policy \(ADM19\)](#).

- [Legislative Compliance Policy \(ADM20\)](#).

## Legislation

Local Government Act 1995

## Associated documents

Risk Management Framework

[Appendix A: Risk Assessment and Acceptance Criteria \(Risk Management Tables\) from the Risk Management Framework.](#)

Document control information	
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## Risk Tables (from Risk Management Framework)

Shire of Toodyay - Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
<b>Insignificant (1)</b>	Near miss or First aid injuries	Less than \$10,000	No material service interruption – backlog cleared < 6 hours	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 - \$200,000	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>	Long-term disability / multiple injuries >30 Days	\$200,001 - \$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 greater than > 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
<b>LOW (1-4)</b>	Acceptable	Risk acceptable with adequate controls, managed by routine procedures, training and subject to annual monitoring	Operational Manager
<b>MODERATE (5-9)</b>	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring. Planned action is required.	Operational Manager
<b>HIGH (10-16)</b>	Urgent Attention Required	Risk acceptable with excellent controls, managed by CEO and Executive Management Group and also subject to monthly monitoring. Prioritised action is required.	Executive Managers / CEO
<b>EXTREME (20-25)</b>	Unacceptable	Immediate corrective action is required. The CEO must develop, explore and implement controls and treatment plans as soon as possible and report to Council and the Audit and Risk Committee the circumstances that have placed the Shire at risk; keeping them informed and managing and monitoring the situation, no matter the risk.	CEO / Council

Shire of Toodyay Existing Controls Ratings		
Rating	Foreseeable	Description
<b>Effective</b>	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. Measures are in place for continual improvement to be undertaken where required
<b>Adequate</b>	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. Measures are in place for continual improvement to be undertaken where required
<b>Inadequate</b>	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. Workers responsible for actioning must act immediately to address any inadequacies, and to rectify any issue that brings about non-compliance risks to the organisation.