

## Strategic Outcome Supported: 12 – A Well Respected, Professionally Run Organisation

### OBJECTIVE

1. The Shire will ensure processes are in place to ensure effective management of risks that may impact the Shire from achieving its strategies, outcomes and objectives.

### SCOPE

2. This policy applies to all workers and Council Members of the Shire.

### DEFINITIONS

3. **Risk** is the effect of uncertainty on objectives.  
*Note 1: An effect is a deviation from the expected, positive or negative. The purpose of this policy is to address negative effects.*  
*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).*  
*Note 3: Risk is usually expressed in terms of risk sources, potential events, their consequences, and their likelihood.*
4. **Risk Management** is the coordinated activities to direct and control an organisation with regard to risk.
5. **Risk Management Process** is the 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.
6. **Shire** is the Shire of Donnybrook Balingup.
7. **Worker** is a person carrying out work in any capacity for the Shire and includes any part- time or full-time employee, casual employee, contractor, subcontractor, self-employed person, outworker, apprentice, trainee, work experience student/placement, employee of a labour hire company assigned to work for the Shire or in a Shire service or facility, and a volunteer.

### POLICY STATEMENTS

#### Risk Management Approach

8. The Shire is to continually improve its management of negative risks that threaten to affect the Shire, including its customers, workers, assets, objectives and operations.

9. Risk management shall, wherever possible, form part of the Shire's operational activities and functions, including adopted policies and procedures as per the risk theme profiles.
10. The Executive Team will oversee and communicate the Organisational Risk Management Policy, objectives and procedures, as well as guide and monitor implementation, practice and performance throughout the Shire.
11. Every worker within the Shire has a role in risk management, for awareness and application of the risk management process, particularly in risk identification, and shall participate in the process.
12. Specialist consultants or employees may be engaged at times to advise and assist with risk management, or management of specific categories of risk.
13. The Chief Executive Officer will ensure that appropriate risk management training is provided across the organisation and that part of the worker induction process will include information on the Shire's risk management approach and practices.

## **Risk Management Objectives**

14. The Shire's risk management objectives are:
  - a. To ensure Risk Management is adopted and integrated throughout the Shire as a management practice;
  - b. To ensure all workers are aware of the need to manage risk and encourage a culture of participation in the Risk Management Process;
  - c. To protect the Shire from adverse incidents, to reduce its exposure to loss and to mitigate and control loss should it occur;
  - d. To ensure the ongoing capacity of the Shire to fulfil its vision, perform its key functions, meet its objectives and serve its customers;
  - e. To aid effective governance and adherence to relevant legislation and Australian or International Standards; and
  - f. To reduce the costs of risk to the Shire.

## **Risk Assessment and Tolerance Criteria (Risk Tables)**

15. The Shire has defined its risk tolerance through the development and adoption of the Shire's Risk Assessment and Tolerance Criteria (Risk Tables) (Appendix A) of the Risk Management Framework.
16. Risk tolerance is the amount of risk exposure, or potential adverse impact from an event, that the Shire is willing to accept in pursuit of its strategies, outcomes and objectives. Once the risk tolerance threshold has been breached, risk management controls and actions are required to bring the exposure level back within the tolerated range.

## Monitor and Review

17. The Shire will establish, embed, and integrate a monitoring 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.
18. Regular reports will be provided to the Executive Team, detailing the status of risk management within the organisation and identifying the need for specific actions or reviews.
19. To ensure oversight and effective risk management, regular reports will be presented to the Audit and Risk Management Committee as follows:
  - a. March: Presentation of all identified risks;
  - b. May: Summarised dashboard update;
  - c. September: Significant risks and mitigation plans;
  - d. December: Summarised dashboard report. These reports will also highlight the implementation and application of the risk management framework within the Shire.
20. To implement this policy and framework, the Executive team will aim to:
  - a. Identify and prioritise negative risks and opportunities using the risk management process.
  - b. Integrate and embed risk management into day-to-day management and processes.
  - c. Provide employees with the necessary policies and procedures to manage risks.
  - d. Ensure employees are aware of risks and are trained to identify, assess, and control them.
  - e. Compile and monitor a register of operational risks to achieve continuous improvement in risk management.

## Reporting on Risk When Making Decisions or Recommendations

21. All organisational risks to be reported at an organisational level are to be assessed according to the Shire's Risk Assessment and Tolerance Criteria (Risk Tables) (Appendix A) of the Risk Management Framework to allow consistency and informed decision making of employees, Management and Council.
22. All Council and Committee reports (agenda items) will contain an assessment of risk implications for the subject matter of the report. The assessment will assess the Consequence Category, Risk Profile/ theme, Inherent Risk Rating, Effectiveness of Controls in place, Control/ mitigation recommendations and the Residual Risk Rating after the mitigation is applied. Noting that inherent risk ratings of Moderate (9) or below will not be required to be reported on, unless the consequence is catastrophic, in which case mitigating measures will need to be reported on.

# Organisational Risk Management

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23. This reporting will be in a table format as shown below:

Risk Details			Risk Mitigation		
Consequence Category	Risk Profile/Theme	Inherent Risk Rating	Effectiveness of Controls in place:	Control/ mitigation recommended	Residual Risk Rating after mitigation applied
Health & Safety					
Financial					
Service Interruption					
Compliance/ Legal					
Reputation					
Community					
Property					
Environment					
Notes:	<ul style="list-style-type: none"><li>• If no risk profile/theme identified, insert N/A.</li><li>• Inherent Risk Ratings of Moderate (9) or below do not require mitigation to be applied, insert "Risk is below the tolerated threshold and is not required to be reported on, unless the consequence is catastrophic, in which case mitigating measures will be reported on.</li><li>• If Effectiveness of Controls in place is Effective or Adequate, insert "Risk Mitigated" and insert the Residual Risk Rating after mitigation applied.</li><li>• If Effectiveness of Controls in place is Inadequate, note the controls/mitigation to be applied and insert the Residual Risk Rating after mitigation applied.</li></ul>				

## DELEGATION & AUTHORISATION

24. Nil.

## LEGISLATION

- Local Government Act 1995
- Local Government (Audit) Regulations 1996

## APPENDIX

N/A

# Organisational Risk Management

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## GOVERNANCE

### Related Policy(s):

- Nil.

### Related Procedure(s):

- Organisational Risk Management (EXE/OP-35).

### Revision Requirements & Version Control:

<b>Responsible Department(s):</b>		Corporate Services		
<b>Review to be conducted by:</b>		Manager Corporate Services		
<b>Revision Frequency:</b>		<input type="checkbox"/> Annual (1yr)	<input checked="" type="checkbox"/> Biennial (2yr)	<input type="checkbox"/> Triennial (3yr)
<b>Current Version Date:</b>		18 December 2024		<b>Next Due:</b> March 2026
<b>Policy Version Details &amp; Information:</b>				
#:	Synopsis:	Date:	Res.:	Synergy:
1	Initial adoption	27/08/2014	N/A	N/A
2	No review done - Only renumbered from 2.45 Organisational Risk Management	21/12/2021	213/21	NPP7998
3	Major amendments made inline with the new Risk Management Framework. See Council Resolution for more details.	18/12/2024	240/12-24	NPP14570