

STRATEGIC OUTCOME SUPPORTED: 12 - A well respected, professionally run organisation.

Purpose

The Shire of Donnybrook-Balingup Organisational Risk Management Policy documents the Shire's commitment to and objectives around managing risks that may impact the Shire from achieving its strategies, goals or objectives.

Policy

It is the policy of the Shire of Donnybrook-Balingup to achieve best practice in the management of all risks that threaten to affect the Shire, its customers, people, assets, functions, objectives, operations or members of the community.

Risk management shall, wherever possible, form part of all activities and functions of the Shire, including adopted policies and procedures.

The Executive Management Team will determine and communicate the Organisational Risk Management Policy, objectives and procedures, as well as guide and monitor implementation, practice and performance throughout the Shire of Donnybrook-Balingup.

Every employee within the Shire is recognised as having a role in risk management for awareness and application of the risk management process, particularly in risk identification, and shall be encouraged to participate in the process.

Specialist consultants or staff may be engaged at times to advise and assist with risk management, or management of specific categories of risk.

Definitions (from AS/NZS ISO 31000:20009)

Risk - 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.

Risk Management Objectives

- To ensure Risk Management is adopted and integrated throughout the Shire of Donnybrook-Balingup as a management practice.

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- To ensure all employees are aware of the need to manage risk and encourage a culture of participation in the Risk Management Process.
- To protect the Shire of Donnybrook-Balingup from adverse incidents, to reduce its exposure to loss and to mitigate and control loss should it occur.
- To ensure the ongoing capacity of the Shire of Donnybrook-Balingup to fulfil its vision, perform its key functions, meet its objectives and serve its customers.
- To aid effective governance and adherence to relevant legislation and Australian or International Standards.
- To reduce the costs of risk to the Shire of Donnybrook Balingup.

Risk Tolerance

The Shire has defined its risk tolerance through the development and adoption of the Shire's Risk Assessment and Acceptance Criteria (also called the Risk Matrix) of which is included as part of this Policy. A procedure for use of the Risk Matrix has also been developed to guide its use and application.

All organisational risks to be reported at an organisational level are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making of staff, Management and Council.

Roles, Responsibilities & Accountabilities

All Shire employees have a responsibility for managing risk relevant to their duties in accordance with the Shire's Risk Management Process and are accountable for their actions. The Executive Management Team is responsible for developing, implementing, communicating and monitoring the Shire's Risk Management Process, including this Policy and associated procedures, to ensure it is effective, practical and relevant to the Shire.

Risk management awareness and training will be provided to all staff. Risk management will be included within the employee induction process to ensure new employees are introduced to the Shire's risk management culture.

Monitor & Review

The Shire of Donnybrook-Balingup will implement a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

This Policy will be reviewed annually by the Shire's Executive Management team and relevant staff. The Shire's Risk Management Process including systems and procedures will be reviewed every two years in accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*, and the results of the review presented to the Councils' Audit Committee.

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POLICY VERSION

Related Policies:	Nil		
Related Procedure:	Nil		
Responsible Department:	Executive		
Reviewer:	Manager Executive Services		
Review Frequency:	Annual	Next Due:	2022
Version Date:	21/12/21	Synergy #:	NPP7998
Policy Version Details			
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Version Synopsis:	No review done - Only renumbered from 2.45 Organisational Risk Management		

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SHIRE OF DONNYBROOK-BALINGUP

RISK ASSESSMENT & ACCEPTANCE CRITERIA

EXISTING CONTROLS RATING

LEVEL	RATING	FORESEEABLE	DESCRIPTION
E	Excellent	Doing more than what is reasonable under the circumstances	Controls are fully in place, are being well addressed / complied with, are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested
A	Adequate	Doing what is reasonable under the circumstances	Controls are in place, are being addressed / complied with and are subject to periodic review and testing
I	Inadequate	Not doing some or all things reasonable under the circumstances	Controls do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time

MEASURES OF CONSEQUENCE

LEVEL	RATING	HEALTH & SAFETY	FINANCIAL	SERVICE INTERRUPTION	COMPLIANCE	REPUTATION	PROPERTY	ENVIRONMENT
1	Insignificant	Negligible injuries	Less than \$2,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, localised low impact on community trust, low profile or no media item	Inconsequential or no damage.	Contained, reversible impact managed by on site response
2	Minor	First aid injuries	\$2,000 - \$20,000 Or < 5% variance in cost of project	Temporary interruption to an activity – backlog cleared with existing resources	Some temporary non compliances	Substantiated, localised impact on community trust or low media item	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response
3	Moderate	Medical type injuries	\$20,001 - \$100,000 Or > 5% variance in cost of project	Interruption to Service Unit/(s) deliverables – backlog cleared by additional resources	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact on community trust or moderate media profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies
4	Major	Lost time injury	\$100,001 - \$1M	Prolonged interruption of Service Unit core service deliverables – additional resources; performance affected	Non-compliance results in termination of services or imposed penalties	Substantiated, public embarrassment, widespread high impact on community trust, high media profile, third party actions	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies
5	Catastrophic	Fatality, permanent disability	More than \$1M	Indeterminate prolonged interruption of Service Unit core service deliverables	Non-compliance results in criminal charges or significant damages or penalties	Substantiated, public embarrassment, widespread loss of community trust, high widespread multiple media profile, third party actions	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact

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SHIRE OF DONNYBROOK-BALINGUP

RISK ASSESSMENT & ACCEPTANCE CRITERIA

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 may 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

RISK MATRIX

Consequence Likelihood		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)

RISK ACCEPTANCE CRITERIA

RISK RANK	DESCRIPTION	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Executive Manager / CEO
EXTREME	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