

Purpose

To outline the Shire of Northampton's (Shire) key commitments to risk management, including its approach to identifying, assessing and managing risk and opportunities associated with Council services, operations and facilities.

The aim of the Policy is to ensure a greater consistency of informed management decision making and the subsequent alignment of management and operational resources.

Background

The Shire 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 and effective assessment of risk in all planning, decision-making and operational processes.

Objectives

The objectives of this Policy and its associated documents is to;

- 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) Ensure public safety within the Shire's district is not compromised.
- e) Achieve organisation goals and objectives
- f) Support the ongoing health and safety of all workers at the workplace
- g) Limit loss or damage to property and other assets
- h) Limit interruption to business continuity
- i) Ensure through collaboration of the Council and the Administration that

there is a positive public perception of the Council and

the Shire

- j) Apply equal opportunity principles in the workforce and the community.

Area of Application

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.

Policy Measures

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.

It outlines the requirements and responsibilities for Council, Councillors, Council staff, volunteers, contractors and special committees and emphasises that management of risk and the reporting on risk is everyone's responsibility.

The Shire recognises that 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 RMF)

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 RMF)

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 RMF)

- 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. will acknowledge 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 RMF)

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
- Legislative Compliance Policy

Associated Documents

Risk Management Framework

Appendix A – Risk Tables (from Risk Management Framework)

Shire of Northampton Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant (1)	Negligible injuries	Less than \$2,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential or no damage.	Contained, reversible impact managed by on site response
Minor (2)	First aid injuries	\$2,001 - \$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
Moderate (3)	Medical type injuries	\$20,001 - \$100,000	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
Major (4)	Lost time injury	\$100,001 - \$1,000,000	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
Catastrophic (5)	Fatality, permanent disability	More than \$1,000,000	Indeterminate prolonged interruption of services – non-performance > 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 Northampton Measures of Likelihood			
Rating	Description	Frequency	Probability
Almost Certain	The event is expected to occur in most circumstances	More than once per year	> 90% chance of occurring
Likely	The event will probably occur in most circumstances	At least once per year	60% - 90% chance of occurring
Possible	The event should occur at some time	At least once in 3 years	40% - 60% chance of occurring
Unlikely	The event could occur at some time	At least once in 10 years	10% - 40% chance of occurring
Rare	The event may only occur in exceptional circumstances	Less than once in 15 years	< 10% chance of occurring

Shire of Northampton Risk Matrix					
Consequence Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Moderate	High	High	Extreme	Extreme
Likely	Low	Moderate	High	High	Extreme
Possible	Low	Moderate	Moderate	High	High
Unlikely	Low	Low	Moderate	Moderate	High
Rare	Low	Low	Low	Low	Moderate

Shire of Northampton Risk Acceptance Criteria			
Risk Rank	Description	Criteria	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 effective controls, managed by senior management / executive and subject to monthly monitoring	Director / CEO
EXTREME	Unacceptable	Risk only acceptable with effective 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

Shire of Northampton Existing Controls Ratings		
Rating	Foreseeable	Description
Effective	There is <u>little</u> scope for improvement.	<ol style="list-style-type: none"> Processes (Controls) operating as intended and aligned to Policies / Procedures. Subject to ongoing monitoring. Reviewed and tested regularly.
Adequate	There is <u>some</u> scope for improvement.	<ol style="list-style-type: none"> Processes (Controls) generally operating as intended, however inadequacies exist. Nil or limited monitoring. Reviewed and tested, but not regularly.
Inadequate	There is a <u>need</u> for improvement or action.	<ol style="list-style-type: none"> Processes (Controls) not operating as intended. Processes (Controls) do not exist, or are not being complied with. Have not been reviewed or tested for some time.

DEFINITIONS

Terms	Definition
Act	<i>Local Government Act 1995</i>
Audit and Risk Committee	Committee established un 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 Shire's Standing Orders.
Executive Managers	Senior Employees that Council resolves to designate in accordance with Section 5.37 of the <i>Local Government Act 1995</i> .
Members	In relation to Council or Committee, a Council Member in the Act, Elected Member, or Councillor or a member of the committee.
Risk	Effect of uncertainty on objectives.
Regulations	Local Government (Administration) Regulations 1996
Risk	"The effect of uncertainty on objectives" – AS/NZA 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.
RMF	Risk Management Framework
Shire	The Shire of Northampton
Workers	Employees, contractors and volunteers as per the <i>Work Health and Safety Act 2020</i> (WHS) legislation



Administration

This policy will be administered by the Office of CEO.

Adoption and Date Due for Revision

**ADOPTED 17 JUNE 2022
REVIEWED 20 FEBRUARY 2025**

NEXT DUE FOR REVIEW 20 FEBRUARY 2030 (or earlier if required)

The Administration of this Policy is by the Office of CEO.



APPENDIX

ACKNOWLEDGEMENT

I, _____ (please print) acknowledge and confirm that I have read, understood and agree to adhere to the Shire of Northampton's **2.15 Risk Management Policy.**

Signature _____

Date _____