

Purpose

The purpose of this Policy is to state the Shire of Boddington's intention to identify potential risks before they occur, so that impacts can be minimised or opportunities realised. This is to ensure that the Shire achieves its strategic and corporate objectives efficiently, effectively, and within good corporate governance principles.

Scope

This Policy applies to all Shire of Boddington (Shire) Council Members, employees, and contractors.

Definitions

Term	Meaning
Policy	This Shire of Boddington policy titled "Risk Management".
Risk	The effect of uncertainty on objectives. <ol style="list-style-type: none"> 1. An effect is a deviation from the expected – positive or negative. 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.

Policy Statement

Risk management functions are to be resourced appropriately to match the size and scale of the Shire's operations, form part of strategic, operational, and project responsibilities, and be incorporated within the Shire's Integrated Planning and Reporting Framework.

Council is committed to ensuring that risk management:

- Optimises the achievement of the Shire's values, strategies, goals, and objectives;
- Aligns with and assists the implementation of Shire Policies;
- Provides transparent and formal oversight of the risk and control environment, enabling effective decision-making;
- Reflects risk versus return considerations within the Shire's risk appetite;
- Embeds appropriate and effective controls to mitigate risk;
- Achieves effective corporate governance and adherence to relevant statutory, regulatory, and compliance obligations;
- Enhances organisational resilience; and
- Identifies and provides for the continuity of critical operations.

The Chief Executive Officer is responsible for:

- Implementation of this Policy;
- Measurement of and reporting on the performance of risk management; and
- Review and improvement of this Policy and the Shire's risk management framework at least biennially, or in response to a material event or change in circumstances.

Risk Assessment and Acceptance Procedures

The Shire has quantified its broad risk appetite through the Shire's 'Risk Assessment and Acceptance Criteria'. The criteria are included within the Risk Management Framework and as a component of this Policy.

All organisational risks are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow for consistency and informed decision-making.

While these risk criteria are necessarily broad in their guidance, they offer insight to staff about risk areas or activities where Council has set reasonable boundaries.

For operational requirements such as projects, events, work health and safety, or in rare instances in which the Shire's Risk Assessment and Acceptance Criteria are unclear in determining a level of risk, alternative risk assessment criteria may be utilised, however these cannot exceed the organisation's risk appetite, and approval for such is to be obtained from the Chief Executive Officer.

A monitor and review process is to be implemented, to report on the achievement of risk management objectives, the management of individual risks, and the ongoing identification of issues and trends.

Responsible Officer	Manager of Corporate Services
History	Adopted 21 November 2017 (Resolution 137/17) Amended 17 November 2022 (Resolution 127/22) Amended 23 March 2023 (Resolution 25/23)
Delegation	
Relevant Legislation	Local Government (Audit) Regulations 1996 ISO 31000:2018 – Risk Management Guidelines
Related Documentation	Risk Assessment and Acceptance Criteria Risk Management Procedures Operational Risk Assessment Template

Shire of Boddington Risk Assessment and Acceptance Criteria

Shire of Boddington Measures of Consequence								
Rating (Level)	Compliance	Environment	Financial	Health / People	Property	Reputational	Service Interruption	Projects
Insignificant (1)	No noticeable regulatory or statutory impact	Contained, reversible impact managed by on-site response	Less than \$10,000	Near miss. Minor first aid injuries	Inconsequential damage.	Unsubstantiated, low impact, low profile or 'no news' item	No material service interruption <3 hours	<5% deviation in project outputs (Time, Cost, Scope and Quality) or funding
Minor (2)	Some temporary non-compliances	Contained, reversible impact managed by internal response	\$10,000 - \$50,000	Medical - type injuries	Localised damage rectified by routine internal procedures	Un/Substantiated, low impact, low news item	Short-term temporary interruption – backlog cleared <1 day	5-10% deviation in project outputs (Time, Cost, Scope and Quality) or funding
Moderate (3)	Short term non-compliance but with significant regulatory requirements imposed	Contained, reversible impact managed by internal & external agencies	\$50,001 to \$500,000	Lost-time physical or mental injury <30 days / Multiple staff morale problems	Localised damage requiring internal & external resources to rectify	Un/Substantiated, public embarrassment, moderate impact, moderate news profile	Medium-term temporary interruption – backlog cleared by additional resources <1 week	10-25% deviation in project outputs (Time, Cost, Scope and Quality) or funding
Major (4)	Non-compliance results in termination of services or imposed penalties	Uncontained, reversible impact managed by a coordinated response from external agencies	\$500 000 to \$1,000,000	Lost-time physical or mental injury >30 days / Widespread staff morale problems	Significant and/or widespread damage requiring internal & external resources to rectify	Substantiated, public embarrassment, high impact, high news profile, third party actions	Prolonged interruption of services – additional resources required; performance affected <1 month	25-50% deviation in project outputs (Time, Cost, Scope and Quality) or funding

Catastrophic (5)	Non-compliance results in litigation, criminal charges, significant damages and/or penalties	Uncontained, irreversible impact	>\$1,000,000	Fatality, permanent disability. Shire no longer an employer of choice. Loss of key staff.	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Indeterminate prolonged interruption of services – non-performance >1 month	More than 50% deviation in project outputs (Time, Cost, Scope and Quality) or funding
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Shire of Boddington Measures of Likelihood				
Level	Rating	Description	In the past	Control Effectiveness
1	Rare	The event may only occur in exceptional circumstances (<5% chance)	Less than once in 10 years	Controls are very strong and operating as intended. There is no scope for improvement
2	Unlikely	The event could occur at some time (<10% chance)	Once in 10 years	Controls are strong and operating as intended
3	Possible	The event should occur at some time (20% chance)	Once in 3 years	Controls are operating as intended, but there is scope for improvement
4	Likely	The event will probably occur in most circumstances (>50% chance)	Once per year	Controls are operating; however, inadequacies exist
5	Almost Certain	The event is expected to occur in most circumstances (>90% chance)	More than once per year	Controls are weak, do not exist, or are not being complied with

Consequence X Likelihood = Risk Rating

Shire of Boddington Risk Rating						
Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)

Shire of Boddington Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
Low	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Coordinator / Team Leader
Moderate	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Executive Team Member
High	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	CEO & Executive
Extreme	Unacceptable in most circumstances	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 documented monitoring	Council

Shire of Boddington Existing Control Ratings		
Rating	Foreseeable	Description
Effective	There is no scope for improvement with all available resources.	Controls are operating as intended and aligned with policies and procedures. Controls are documented, up to date, understood by users, not forgotten or components missed, does not expose the organisation to theft or fraud and is delivered consistently within statutory or service delivery standards. Controls are subject to ongoing monitoring. Controls are reviewed and tested regularly.
Adequate	There is some scope for improvement.	Controls are generally operating as intended; however, inadequacies exist. Limited monitoring of controls. Controls are reviewed and tested, but not regularly.
Inadequate	There is a need for improvement or action.	Controls are not operating as intended. Controls do not exist, or are not being complied with. Controls have not been reviewed or tested for some time.