

<b>Policy Number:</b>	RM 1
<b>Policy Type:</b>	Risk Management
<b>Policy Name:</b>	<b>Risk Management</b>
<b>Policy Owner:</b>	Manager Corporate Services

Authority Shire of Nannup

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## OBJECTIVE

The purpose of risk management is to develop a culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects. It also is designed to reduce the potential cost of risk by reducing liability, preventing litigation and improving loss control.

Risk management is a key process in developing the strategic direction of the Shire.

The key drivers for risk management are councillors' responsibility for good corporate governance and the due diligence requirements of the insurance industry, which impacts on the cost of insurance.

### Definition of "Risk":

*AS/NZS/ISO 31000:2009* defines risk as "*the effect of uncertainty on objectives.*"

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.

### Definition of "Risk Management":

Co-ordinated activities to direct and control an organisation with regard to risk. (ISO Guide 73)

## POLICY

The Shire of Nannup considers risk management to be an essential management function in its operations.

It 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.

Council is committed to the principles of managing risk as outlined in *AS/NZS/ISO 31000:2009*

The Shire of Nannup 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 organisation in relation to planning or executing any function, service or activity.

In particular it will be applied to:

- Strategic planning
- Expenditure of large amounts of money
- New strategies and procedures
- Managing projects
- Introducing significant change, and
- The management of sensitive issues.

The Risk Management Advisory Committee is responsible for developing a Risk Management Plan for the Shire. The Committee will report to Council on a regular basis on the progress of the risk management program implementation. Council recognises that adequate resources are needed to implement the risk management program.

## References

Australian and New Zealand Standard *AS/NZS/ISO 31000:2009*

## Scope

This policy covers all the operations of the Shire, including corporate governance, legal compliance, infrastructure, business risks, capital assets, finances, information technology, human resources, service delivery and events management.

## OBJECTIVES

- To implement the Risk Management Standard *AS/NZS/ISO 31000:2009*
- To define the Shire's tolerance to risk and communicate it throughout the Shire.
- To communicate with the community about the Shire's approach to risk.
- Ensuring public safety within the Council's jurisdiction is not compromised.
- *To protect and enhance the reputation of the council.*
- *To develop a risk management plan which is aligned to the strategic planning process.*

## Responsibilities

**CEO:** is responsible for the full implementation of risk management throughout the Shire, according to the Risk Management Standard *AS/NZS/ISO 31000:2009*, including

- *Ensuring that a Risk Management Policy has been developed, adopted and communicated throughout the Shire.*
- *Ensuring that the Risk Management Policy and Plan are reviewed annually*

**Risk Management Advisory Committee** is responsible for:

- Developing a risk management plan for the Shire

- Establishing the risk tolerance level of the shire for adoption by Council
- Reporting to Council on the implementation progress of the risk management standard on a pre-determined frequency basis.
- **Communicating the policy to all employees**
- Displaying a copy of the policy on staff notice boards or through other relevant communication media
- Ensuring that risk management is a standard agenda item at all meetings including toolbox meetings
- Development of risk management skills through training and education
- Identifying and measuring performance indicators for risk management that cascade from the risk management plan to position descriptions and performance appraisals

**Management** are responsible for:

- Identifying and assessing all the potential risks in their area of responsibility.
- Collating, assessing, treating and reporting to the Risk Management Advisory Committee on all areas and tasks under their responsibility.

**All Employees** are responsible for:

- adopting the principles of risk management and complying with all policies, procedures and practices relating to risk management, after appropriate training.
- conducting risk assessments during the performance of their daily duties, as required. The level of sophistication of the risk assessment will be commensurate with the scope of the task and the associated level of risk identified.

Failure to observe reasonable directions from supervisors regarding the management of risks and/or failure of employees to take reasonable care in identifying and treating risks in the workplace may result in disciplinary action.

**Council** is:

- committed morally and financially to the concept and resourcing of risk management.

## **Reporting**

The Risk Management Advisory Committee will report regularly to the CEO and Council on the risk management standard AS/NZS/ISO 31000:2009 implementation.

## **Documentation**

The Risk Management Advisory Committee will ensure that all risk management processes are fully recorded throughout the Shire and documented through the Shire's

records management system. This will include regular monitoring to ensure closeout of risks and identification of ongoing issues and trends.

Related Policies	
Related Procedures/Documents	
Delegated Level	
Adopted	OM 28 September 2006
Reviewed	OM 28 March 2013