



BOULIA SHIRE COUNCIL

Risk Management Policy

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Summary:	To articulate Council's Risk Management Policy, framework and organisational roles and responsibilities.
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Responsible Section:	Executive
Responsible Officer:	Chief Executive Officer
Legislation:	AS/NZS: 31000:2018 Risk Management Standards

Introduction

This document is for use by people who create and protect value in Boulia Shire Council by managing risks, making decisions, setting and achieving objectives and improving performance.

The risks faced by Boulia Shire Council are many and varied and it can be reasonably argued that Local Government, by the very nature of the multitude of services provided to the community, faces a wider range of risk than the majority of corporate companies. Council recognises that risk management is essential for sound strategic and financial planning, making informed decisions and in the operation of the Council.

Apart from minimising financial loss and adverse publicity, risk management must balance legal requirements and public expectations, together with providing for the safety and wellbeing of employees, contractors and the community in general.

Adoption of the **AS/NZS: 31000:2018 Risk Management Standards** will ensure that the Boulia Shire Council meets its duty of care. The Standard will form the basis of Council's risk management philosophy, strategies and processes.

Council will ensure that the organisation, its employees and the community are reasonably protected against loss through the application of sound management principles and practices to eliminate or minimise exposure to risks and adverse impact on the achievement of Council goals as defined in the Council's Corporate Plan.

Purpose

The purpose of this policy is to clearly document Council's commitment to risk management principles to:

- Increase the likelihood of achieving objectives;
- Encourage proactive management;
- Establish a reliable basis for decision making and planning;
- Improve operational effectiveness and efficiency and improve organisational resilience;
- Enhance health and safety performance as well as environmental protection;
- Improve the identification of opportunities and threats;
- Improve financial reporting and governance; and
- Comply with relevant legal and regulatory requirements.

Definitions

Risk: A risk is defined as the effect of uncertainty on the achievement of goals.

Risk Management: Risk Management is defined as the coordinated activities necessary to direct and control an organisation with regards to risk.

Risk Management is about managing the likelihood of something adverse occurring, or it having occurred having a strategy and resources in place to mitigate the consequences.

Each risk is evaluated and assigned values in accordance with the defined risk parameters, which may include likelihood, consequence (severity or impact), and thresholds.

The assigned risk parameters can be integrated to produce additional measures, such as risk exposure, which can be used to prioritize risks for handling.

Risk Management Framework: A Risk Management Framework is the set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.

Scope

The Policy applies to all services and functional areas of the organisation.

Risk Management is not a stand alone function that is separated from the main activities and processes of the organisation. It is an integral part of all organisational processes, including strategic planning, project and change management processes.

Policy Statements

1. **AS/NZS: ISO 31000:2018 'Risk Management – Principles and Guidelines'** will form the basis of Council's risk management philosophy, strategies and processes.
2. Council will protect the public's interest in the use, maintenance and utilisation of the Council's assets and resources.
3. Council will maintain a Risk Management Framework that articulates the approach for Boullia Shire Council to adopt in identifying and managing risks, which if not realised could prevent Council effectively achieving its' Goals and Strategies. The Risk Framework is defined at **Appendix 1**.
4. Appropriate risk treatment strategies will be included in the organisational procedures and processes needed to assist Council in achieving its business outcomes. These strategies will be in accordance with relevant standards, codes of practice and appropriate legislative guidelines. Assessing risk in terms of likelihood and consequence is tabled in **Appendix 2**.
5. The risk management policy is to be communicated to all persons and stakeholders that need to be aware of these requirements, so that awareness and familiarity with what is required is achieved. This includes defining the roles and responsibilities with regard to risk management, which is at **Appendix 3**.
6. Council is to maintain a Register of Risks, which is reviewed by the CEO.
7. Council is to be informed of any risks assessed to be 'Very High' and of the mitigation strategy implemented to manage the risk at the first Council meeting after the risk has been identified.

Appendices:

1. The Risk Management Framework
2. Assessing the Risk in terms of Likelihood and Consequence
3. Organisational Structure for Risk Management within the Boulia Shire Council

APPENDIX 1

THE RISK MANAGEMENT FRAMEWORK

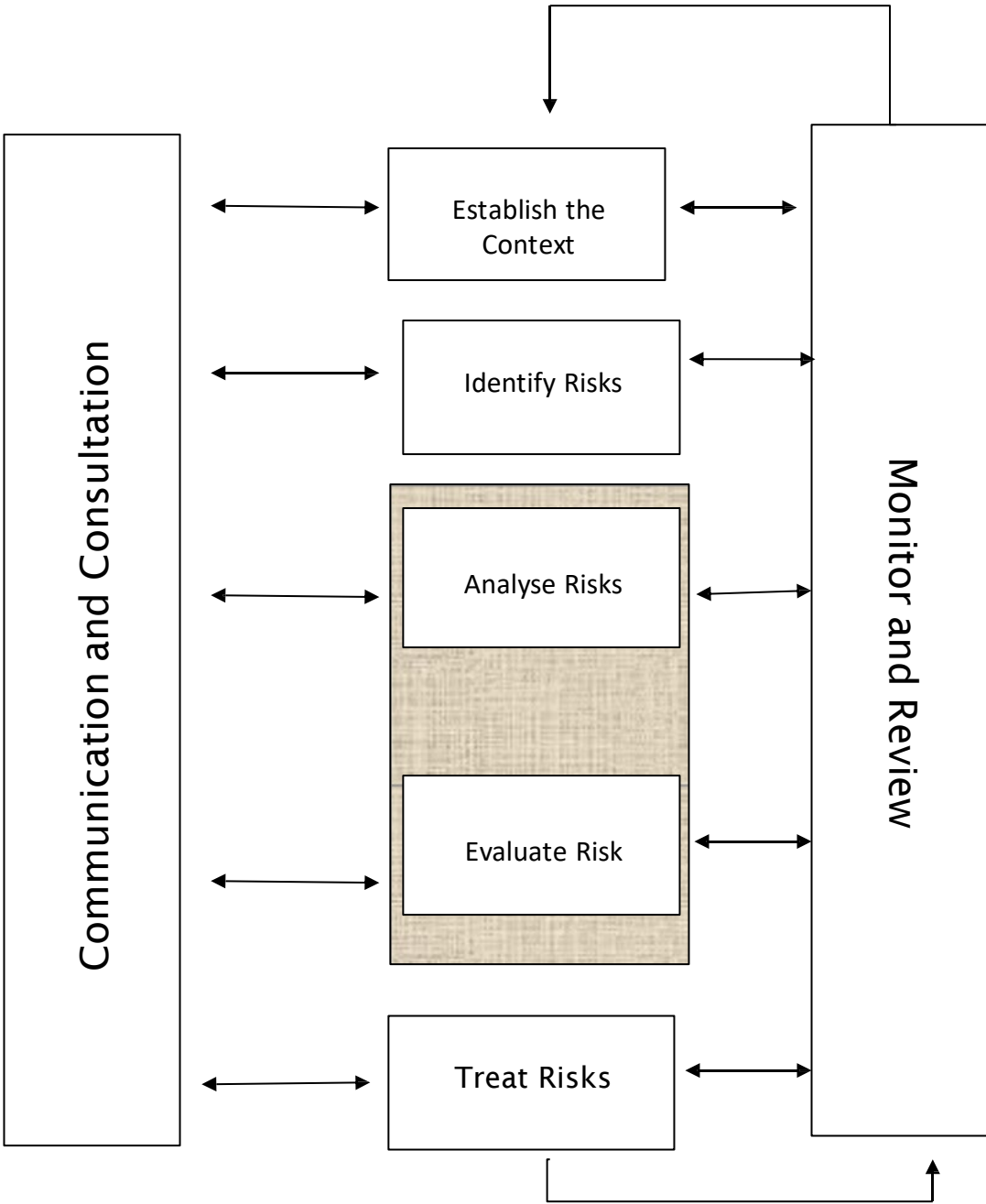
Council will maintain procedures to provide the CEO and Councillors with a systematic view of the risks faced in the course of our administrative and business activities.

Where appropriate these procedures will be consistent with the Standards Australia risk management standard, **AS/NZS: 31000:2018 'Risk Management – Principles and Guidelines'**.

This will require the Council to:

1. **Establish a context.** This is the strategic, organisational and risk management context against which the rest of the risk management process in the Council will take place.
Criteria against which risk will be evaluated should be established and the structure of the risk analysis defined.
2. **Identify Risks.** This is the identification of what, why and how events arise as the basis for further analysis.
3. **Analyse Risks.** This is the determination of existing controls and the analysis of risks in terms of the consequence and likelihood in the context of those controls. The analysis should consider the range of potential consequences and how likely those consequences are to occur. Consequence and likelihood are combined to produce an estimated level of risk.
4. **Evaluate Risks.** This is a comparison of estimated risk levels against pre-established criteria. This enables risks to be ranked and prioritised.
5. **Treat Risks.** For higher priority risks, the Council is required to develop and implement specific risk management plans including funding considerations. Lower priority risks may be accepted and monitored.
6. **Monitor and Review.** This is the oversight and review of the risk management system and any changes that might affect it. Monitoring and reviewing occurs concurrently throughout the risk management process.
7. **Communication and Consultation.** Appropriate communication and consultation with internal and external stakeholders should occur at each stage of the risk management process as well as on the process as a whole.

Schematically, the risk management process is depicted in the following diagram (next page).



APPENDIX 2 ASSESSING THE RISK IN TERMS OF LIKELIHOOD AND CONSEQUENCE

Assessing Risk

Risk is assessed based on the likelihood of the risk occurring and the consequence to Council, communities, individuals and other should the risk actually occur.

The **likelihood** of a risk is to be assessed as being:

	Level	Description
A	Almost certain	Almost certain - Expected to occur in most circumstances
B	Likely	Will probably occur in most circumstances
C	Moderate	Should occur at some time
D	Unlikely	Could occur at some time
E	Rare	May occur only in exceptional circumstances
F	Never	It is not foreseeable that this will occur

The **consequence** of a risk is to be assessed as being:

(P)-Personal **(F)- Financial** **(E)- Environmental**

	Level	Description
1	Insignificant	<ul style="list-style-type: none"> (P) No Injuries (F) Low financial loss (E) Nil release into environment
2	Minor	<ul style="list-style-type: none"> (P) Minor First Aid treatment (F) Medium financial loss (E) Release immediately contained
3	Moderate	<ul style="list-style-type: none"> (P) Moderate Medical treatment required (F) High financial loss on site (E) Release contained with outside assistance
4	Major	<ul style="list-style-type: none"> (P) Major Extensive injuries (F) Major financial loss off-site (E) Release with no detrimental effects
5	Catastrophic	<ul style="list-style-type: none"> (P) Death (F) Huge financial loss (E) Toxic release off site

The combination of Likelihood and Consequence is scored according to the combination box below.

Likelihood	Consequences				
	1	2	3	4	5
A	S	S	H	H	H
B	M	S	S	H	H
C	L	M	S	H	H
D	L	L	M	S	H
E	L	L	M	S	S

Legend:

- H** High risk; detailed research and management planning required at senior levels
- S** Significant risk; senior management attention needed
- M** Moderate risk; management responsibility must be specified
- L** Low risk; manage by routine procedures

Defining the Scoring - Thresholds of Risk

The following are the default Risk Thresholds for the Boulia Shire Council, along with associated mitigation strategy for that threshold:

- **Level 1-2 Risk Threshold** within the above table – record the Risk, monitor its status and reassess every three months;
- **Level 3 Risk Threshold** – develop a Risk Management Plan, monitor the Risk and reassess every month as Council is reasonably exposed;
- **Level 4 Risk Threshold** – develop a Risk Management Plan, plan to mitigate the Risk, ensure strategies and resources are in place to remedy any consequence, monitor the Risk and reassess on a weekly basis as Council is highly exposed; and
- **Level 5 Risk Threshold** - actively resolve the Risk as Council is extremely exposed.

The application of one of the above should result in some level of risk mitigation and this should be recorded in the Risk Register to reflect the level of action taken or in some cases the inability to implement a fully effective mitigation strategy.

The residual risk remaining should be recorded and reviewed on a regular basis. For example, the application of a risk mitigation strategy may not have resulted in the risk almost being resolved but the risk still needs to be monitored, the residual risk would be 'low and monitoring'.

The risk condition state of 'low and monitoring' should be recorded in the Register of Risks to ensure that the risk continues to be reviewed and reassessed on a regular basis.

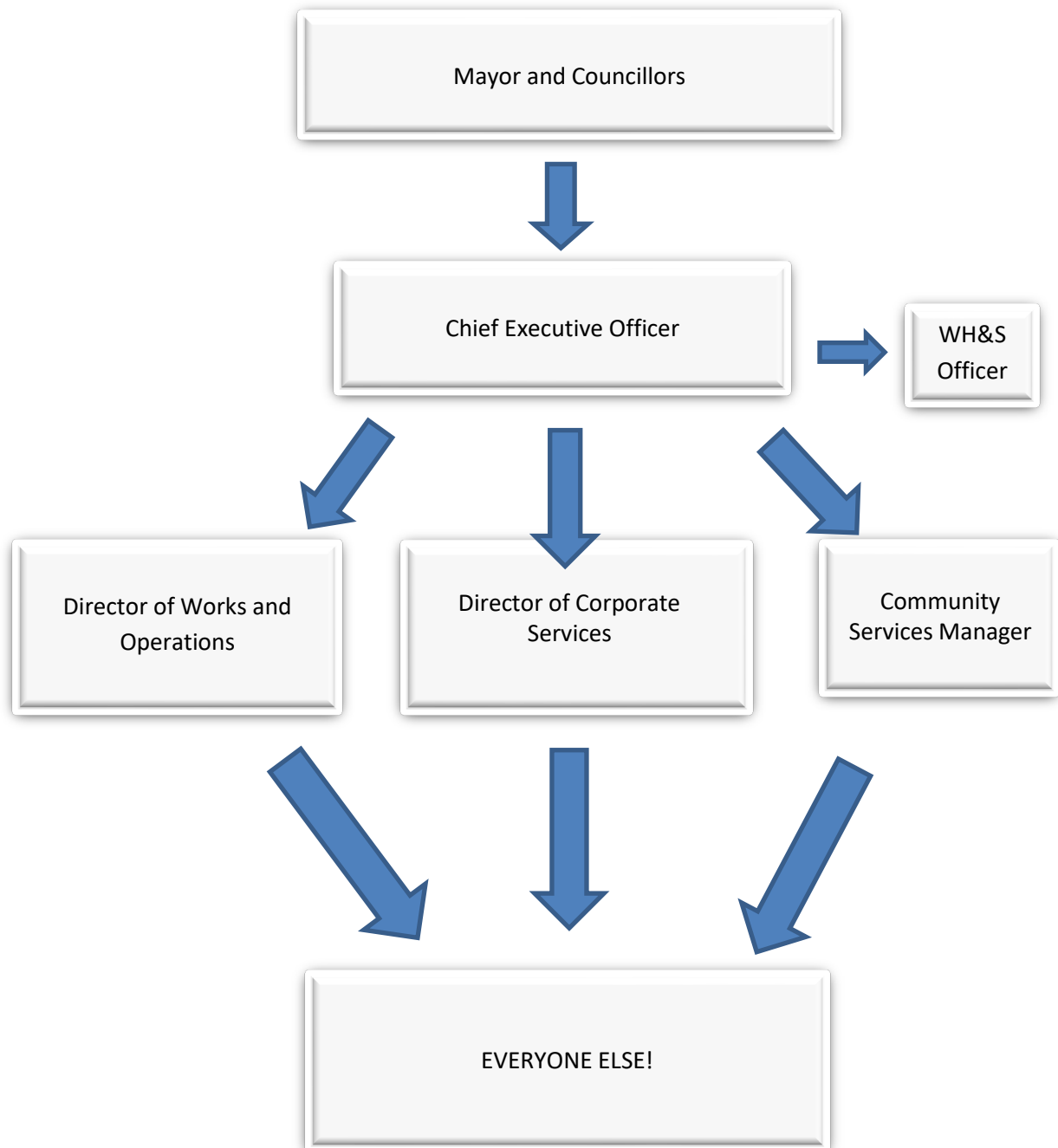
RISK CATEGORISATION

In order to manage risk properly, risk should be categorised. Within the Boulia Shire Council, the following risk categories are to be used to group risk:

1. **Financial** - Representing a financial risk to Council
2. **Operational** - Service Delivery, to represent a risk that may impede Council in the delivery of its services to the community and other stakeholders
3. **Corporate** - to represent a risk that could adversely impact on the Council in any manner – political, structural, media, etc
4. **Reputational** – representing future risks to Council.

APPENDIX 3

Organisational Structure for Risk Management within Boulia Shire Council



Boulia Shire Council	To provide strategic direction to Boulia Shire Council staff regarding the management of risks to the community and Council, enhancing and endorsing Risk Management Policy, and for endorsing mitigation strategies for 'Very High' risks.
CEO	To ensure that the Boulia Shire Council, Councillors and staff, adhere to the Council's Risk Management Policy, including the appropriate training of Councillors and employees in Risk Management. To review the Risk Register and advise Council and other Stakeholders of any risks the CEO believes that Council and the other Stakeholders should be aware of.
Director of Works and Operations	Is responsible to the CEO for ensuring the adherence to the Risk Management Policy and for briefing staff on any risks that may be associated with the performance of their role and responsibility. The position is also responsible for advising and managing any risks associated with the management, maintenance and renewal of assets within the Boulia Shire and for providing technical advice in regard to mitigation strategies as and when required.
Director of Corporate Services	Is responsible to the CEO for ensuring the adherence to the risk Management Policy within the Corporate Services Branch and for briefing staff on any risks that may be associated with the performance of their role and responsibility.
Community Services Manager	Is responsible to the CEO for ensuring the adherence to the risk Management Policy within the Community Services Branch and for briefing staff on any risks that may be associated with the performance of their role and responsibility.
Workplace Health and Safety Officer	Is responsible to the CEO for advising and managing any risks associated with Councillors and officers' daily routines and individuals and organisations visiting and/or using Council premises, and for providing technical advice in regard to mitigation strategies as and when required.
Everyone Else	Everyone else is required to assist and support the above people on request with risk management and in particular to advise line managers of any risks identified.