
GOVERNANCE policies

Risk Assessment & Management



Policy Number:	G19
Relevant Delegation:	Not Applicable
Adoption Details:	28 January 2016
Last Review Details:	25 November 2019

POLICY OBJECTIVE:

To develop and maintain an organisational culture which shows confidence in the use of risk assessment and management tools in:

- the effective and efficient delivery of agreed levels of service.
- maintaining financial sustainability.
- ensuring a high level of probity in the conduct of Shire of York business.
- developing and maintaining an effective and positive relationship between Council and the community.
- exploring future pressures and long-term trends which may affect or shape future strategic direction.

To undertake risk management in a way that enables the Council in partnership with the community, to make bold 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.

To ensure that appropriate risk assessment and management provisions are in place in order to satisfy statutory requirements.

POLICY SCOPE:

This policy applies to all aspects of Shire of York business.

POLICY STATEMENT:

INTRODUCTION

The Shire of York is committed to organisation-wide risk management principles, systems and processes that ensure consistent, efficient and effective management of risk in all planning, decision-making and operational processes.

Inherent in every decision made by the Councillors, or by the Shire organisation is achieving a balance between delivering on strategic direction and vision and desired levels of service and recognising, managing and offsetting risks (if any) that might accompany the desired action. In many cases the actions and processes are simple and straightforward and provided processes are robust and those that administer them are aware of potential complexities and issues, risks are minimal and easy to manage. Other issues are more complex, or the environment in which services operate are subject to rapid change and emerging trends.

A structured approach to risk management assessment, the use of the risk assessments in decision-making and consequent risk mitigation is in common usage in a range of areas, with a growing and

expected use in local government activity. The challenge is to make use of risk management methodologies at a level that engenders confidence as decisions are made but does not stifle new ideas and the setting of a community's vision. Provided the level of risk is known, the Council and community can be clear about the level of risk they are prepared to work with, effectively the 'risk appetite'.

This policy sets out the requirements to develop and maintain a risk assessment framework and process, to apply this framework to key aspects of Council business and to monitor and report on identified risks in a timely manner.

PRINCIPLES

- (a) a corporate culture which encourages, is aware, vigilant and confident in identifying risk within a wider culture of encouraging continuous improvement, corporate and individual responsibility, and innovation, is essential to good governance.
- (b) risk assessment methodologies must be used as a tool to assist rather than supplant decision-making. Ultimate decisions about 'risk-appetite' are made at all times by Councillors.
- (c) Risk assessment methodologies must be 'fit for purpose' and at a scale that the Shire of York can manage at a reasonable time and resource cost.
- (d) Risk assessment should help drive levels of reporting to Councillors on key projects and programmes.
- (e) A positive relationship with the community with clear communication of vision and risk, alongside consultation where relevant, is central to assisting the Council to identify its risk appetite and make decisions balancing the two considerations.

PROVISIONS

1. RISK ASSESSMENT FRAMEWORK

- 1.1 The Shire will develop and maintain a Risk Assessment Framework. The Framework will be reviewed by each incoming Council (four yearly) in conjunction with the Integrated Planning and Reporting process.
 - 1.2 The Framework will address the following matters:
 - the high level organisational capacity for risk assessment and whether the Council is aiming to achieve Basic or Advanced Standard risk assessment performance in the immediate and medium term.
 - the structure for analysing risk to current Council delivery and systems (i.e. the breakdown of Council activity into categories which will undergo risk assessment).
 - the structure for analysing and reporting on risks which may affect vision, capacity to deliver, or overall of key strategic decisions (strategic risk) (Key input into the Corporate Business Plan process).
 - the high level risk assessment methodology to be used, taking into account whether the Risk Assessment Improvement Plan is seeking to achieve Basic, Intermediate or Advanced risk assessment performance.
 - the organisational responsibilities for oversight of risk assessment and reporting and the Risk Assessment Improvement Plan.
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- the risk trigger for reporting capital and operational project activity to Council and the frequency of reporting.
 - a clear statement of the Council's 'risk appetite'

1.3 The Framework will be received and approved by the Audit and Risk Committee.

2. Risk Assessment Improvement Plan

2.1 The Shire will develop and maintain a Risk Management Improvement Plan (RMIP) which will address the following matters:

- a base line scan of risk assessment capability and capacity. This should include consideration of employee capability and support system capability.
- a programme addressing improvements needed to achieve required performance including timelines and resource needs.
- targeted and practical training programmes to raise staff understanding of risk assessment thinking and systems. This will include provision for awareness training around probity issues.

2.2 The Plan will be received and approved by the Audit Committee. Note: approval of the Plan will not imply approval of required resource and funding in any strategic planning and budgeting processes.

2.3 This Plan will be reported to Council as part of the Integrated Planning and Reporting processes and the development of long term and annual budgets, identifying resource needs. Final approval of relevant budgets will be cross-referenced back into the Plan once finalised.

3. General Risk Assessment

3.1 A programme for undertaking a risk assessment of the agreed categories set out in the Framework will be approved by the Audit Committee annually. At a minimum, a full risk assessment of all activities and processes will be undertaken every four years and will provide input into the IPR process.

3.2 The outcomes of any risk assessment along with the proposed programme for improvement will be reported to the Audit Committee.

3.3 A Risk Register will be maintained for all activities and projects identified as having a medium risk or higher. Any changes in risk status, or emergence of newly identified risks, will be entered on the risk register with the agreed follow-up requirements.

3.4 Any issues relating to risk management identified through audit processes or the Local Government (Audit) Regulations 1996 S17 review process will be entered on the risk register and updated in the Risk Assessment Improvement Strategy.

4. Risk Assessment: Significant Projects and Programmes

4.1 All projects and programmes which are of strategic significance to the Council and community and/ or involve significant capital and operating expenditure are required to undertake a risk assessment.

4.2 The identification of strategically significant projects and programmes and expenditure thresholds will be made by the Council.

5. Links to Corporate Business Plan, the Long Term Financial Strategy and Annual Budgeting Processes.

- 5.1 Identified risks which may have an impact on the capacity to deliver on the community strategic vision or Council's implementation intentions will be reported as an input into the corporate business planning process.
- 5.2 Categories identified in the Framework as having a medium or higher risk assessment and requiring new funding to address the risk identified will be explicitly reported on and considered in corporate business planning process and statutory budgeting processes.
- 5.3 Projects and programmes assessed under Section 4 must include explicit reference to risk mitigation strategies and associated costs as input into corporate business planning process and statutory budgeting processes. This may be expressed as a contingency component, provided that there are explicit links to risk.

6. Monitoring and Reporting

- 6.1 A review of the Council's risk assessment and management systems will be undertaken as part of the Section 17 requirements under the Local Government Act (Audit) Regulations.
- 6.2 The Audit Committee shall be provided with the following reports on an annual basis:
 - Implementation of the Risk Assessment Improvement Plan.
 - Implementation of required system and other improvements arising out of any risk assessment process for the Framework categories.

7. Communication

- 7.1 A brief report on the implementation of the Risk Management Improvement Plan will be published annually on the Council website along with the upcoming improvement programme for the following year.

PENALTIES:

Not applicable.

KEY TERMS/DEFINITIONS:

Risk means "the effect of uncertainty on objectives." AS/NZS ISO 31000:2009. 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 means 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 means: the application of coordinated activities to direct and control an organisation with regard to risk.

Responsible Officer: Chief Executive Officer
Contact Officer: Executive Manager Corporate & Community Services
Relevant Legislation: Local Government Act 1995
Local Government (Audit) Regulations 1996

Review History:

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