

COUNCIL POLICY

Risk Management Policy

Policy Number:	3.2
Policy Subject:	Risk Management Policy
Policy Statement:	<p>The Shire of Katanning's Risk Management Policy provides the foundation for the consistent identification, assessment and response to key organisational risks. It documents the Shire's commitment to risk mitigation and/or elimination and the effective management of risks to achieve its strategic and corporate objectives.</p>
Objective:	<p>It is the Shire's intention to achieve best practice (aligned with WHS Act (WA) 2020 and AS/NZS ISO 31000:2009 Risk Management), in the management of all risks that may affect the Shire, its customers, people, assets, functions, objectives, operations or members of the public. Objectives of the risk management policy are:</p> <ul style="list-style-type: none">• Optimising the achievement of our vision, mission, strategies, goals and objectives.• Provide transparent and formal oversight of the risk and control environment to enable effective decision making.• Enhance risk versus return in regard to risk appetite.• Embed appropriate and effective controls to mitigate risk.• Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.• Enhance organisational resilience.• Identify and provide for the continuity of critical operations.
Guidelines:	<p>Risk Management will form part of the Strategic, Operational, Project and Line Management responsibilities and where possible, be incorporated within the Shire's Integrated Planning Framework.</p> <p>The Shire's Executive Team will determine and communicate the Risk Management Policy, Objectives and Procedures, as well as direct and monitor implementation, practice and performance.</p>

Every employee within the Shire is recognised as having a role in risk management, from the identification of risks, to implementing risk treatments and shall be invited and encouraged to participate in the process.

Subject to budget constraints consultants may be retained at times to advise and assist in the risk management process or management of specific risks or categories of risk.

The Shire has quantified its risk appetite through the development and endorsement of the Shire's Risk Assessment and Acceptance Criteria (Appendix A). The criteria and Risk Management Procedures may be reviewed by the CEO from time to time in keeping with the objectives of this Policy.

All organisational risks to be reported at a corporate level are to be assessed according to the Shire's Risk Assessment (refer Appendix A) and Acceptance Criteria to allow consistency and informed decision making. For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisations appetite and are to be noted within the individual risk assessment.

The CEO is responsible for the allocation of roles, responsibilities and accountabilities. These are documented in the Risk Management Procedures that may be amended from time to time by the CEO.

The CEO will implement and integrate a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

Resolution No:	Ordinary Council	
Resolution Date:	22 October 2014	
Amended:	22 October 2014	OC106/14
	24 July 2018	OC92/18
	22 December 2022	OC159/22
	23 July 2025	OC91/25
Source:	Risk Management and Workplace	
Date of Review:	October bi-annually	
Review Responsibility	General Manager Operations	

Appendix A – Risk Assessment and Acceptance Criteria

Shire of Katanning Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant (1)	First aid injuries	Less than \$10,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential damage.	Contained, reversible impact managed by on site response
Minor (2)	Medical type injuries	\$10,001 - \$50,000	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)	Lost time injury <30 Days	\$50,001 - \$250,000	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 >30 Days	\$250,001 - \$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

Shire of Katanning Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
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 Katanning Measures of Likelihood			
Level	Rating	Description	Frequency
5	Almost Certain	The event is expected to occur in most circumstances	More than once per year
4	Likely	The event will probably occur in most circumstances	At least once per year
3	Possible	The event should occur at some time	At least once in 3 years
2	Unlikely	The event could occur at some time	At least once in 10 years
1	Rare	The event may only occur in exceptional circumstances	Less than once in 15 years

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

Shire of Katanning Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
LOW (1-4)	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager / Supervisor
MODERATE (5-9)	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager / Supervisor
HIGH (10-16)	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Director / CEO

Shire of Katanning Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
EXTREME (20-25)	Unacceptable	Risk only acceptable with excellent 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 Katanning Existing Controls Ratings		
Rating	Foreseeable	Description
Effective	There is little scope for improvement.	Processes (Controls) operating as intended and / or aligned to Policies & Procedures; are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested.
Adequate	There is some scope for improvement.	Whilst some inadequacies have been identified; Processes (Controls) are in place, are being addressed / complied with and are subject to periodic review and testing.
Inadequate	A need for corrective and / or improvement actions exist.	Processes (Controls) not operating as intended, do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time.