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## GOVERNANCE POLICIES

# Risk Assessment & Management



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Policy Number:	G19
Relevant Delegation:	Not Applicable
Adoption Details:	28 January 2016
Last Review Details:	03 December 2023

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### **POLICY OBJECTIVE:**

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

- Optimise the achievement of our vision, experiences, strategies, goals and objectives.
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Enhance risk versus return within our 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

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

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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 Council.
- (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 Council 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 (IPR) 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 organisational responsibilities for oversight of risk assessment and reporting through the IPR system.
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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 by the Audit and Risk Committee and a recommendation prepared for Council.

## **2. General Risk Assessment**

2.1 The outcomes of regular risk assessments will be reported to the Audit and Risk Committee.

2.2 A Risk Register will be maintained for agreed strategic risks with relevant controls. Reporting will be conducted quarterly on all risks identified as having a medium risk or higher. Any changes in strategic risk status (positive or negative), or emergence of newly identified risks, will be reported to the Audit and Risk Committee with the agreed follow-up requirements.

2.3 Any issues relating to risk management identified through audit processes or the *Local Government (Audit) Regulations 1996* Regulation 17 review process will be entered on the Risk Register and included in the quarterly reporting process.

## **3. Risk Assessment: Significant Projects and Programmes**

3.1 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.

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

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

4.1 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.

4.2 Categories identified in the Risk Register 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.

4.3 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.

## **5. Monitoring and Reporting**

5.1 A review of the Council's risk assessment and management systems will be undertaken as part of the Regulation 17 requirements under the *Local Government Act (Audit) Regulations*.

5.2 The Audit and Risk Committee will be provided with a quarterly Risk Register report.

## **6. Communication**

6.1 Audit and Risk Committee reports will be made publicly available via the Shire's website.

## **PENALTIES:**

Not applicable.

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## KEY TERMS/DEFINITIONS:

**Risk** means “the effect of uncertainty on objectives.” AS/NZS ISO 31000:20018. 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

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Contact Officer: Executive Manager Corporate & Community Services

Relevant Legislation: Local Government Act 1995  
Local Government (Audit) Regulations 1996

Review History:

<b>Date Review Adopted:</b>	<b>Resolution Number</b>
Adopted – 28 January 2016	
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