



Risk Management Policy

1. Purpose

The WA Country Health Service (WACHS) is a board governed statutory authority, where the Board is directly accountable to the public and the Minister for Health, working with the Director General of the Department of Health.

The Accountable Authority (the Board), supported by the Chief Executive and senior management team (Executive), is responsible for ensuring there are robust governance, risk management and internal control arrangements across the whole organisation.

The Board, the Audit and Risk Committee, and the Executive, rely heavily on the daily application of internal controls that reduce residual risk to an acceptable level, within the organisation's risk appetite boundaries. Where immediate actions cannot reduce the risk to an acceptable level, risk management practices outlined in the WACHS Risk Management Policy (WACHS Policy) must be applied.

The WACHS Policy establishes the minimum standards to be implemented in order to effectively manage risk at all organisational levels.

WACHS' risk management practices are a critical component of good governance and fundamental to support the achievement of organisational objectives. Risk management should be built into all operational processes and underpin all decision making.

Failure to recognise and manage risks can have widespread implications, not only for an organisation but for its consumers, employees and the wider community.

The Department of Health, led by the Director General (System Manager) requires robust governance structures and processes to be in place to promote effective risk management practices.

In the Western Australian public sector context, the following legislation and policy requirements underpin risk management:

- *Financial Management Act 2006* section 53(1)(b) (WA);
- Treasurer's Instruction 825 (Risk Management and Security); and
- Public Sector Commissioner's Circular 2015-03 (Risk Management and Business Continuity Planning).

This Policy is a mandatory requirement under the Risk, Compliance and Audit Policy Framework pursuant to section 26(2)(l) of the *Health Services Act 2016* (WA).

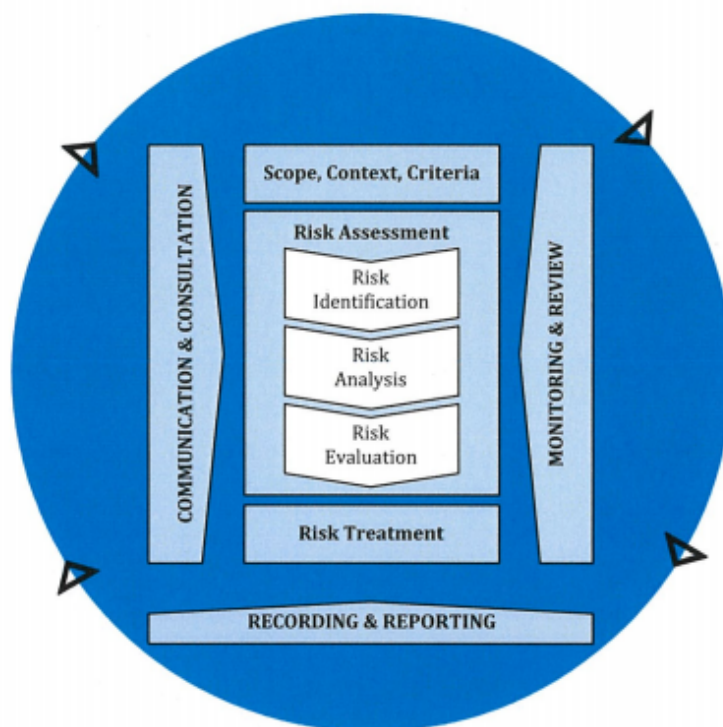
2. Policy Requirements

WACHS is responsible for ensuring that all risks to the organisation are identified and managed effectively in accordance with the requirements of the WA Health System Risk Management Policy (MP 0006/16) (WA Health Policy).

2.1 Organisation wide risk management

The Australian Standard AS 31000:2018 Risk Management Guidelines (Australian Standard) describes the risk management process as involving the systematic application of policies, procedures and practices to the activities of communicating and consulting, establishing the context and assessing, treating, monitoring, reviewing, recording and reporting risk. This process is illustrated below:

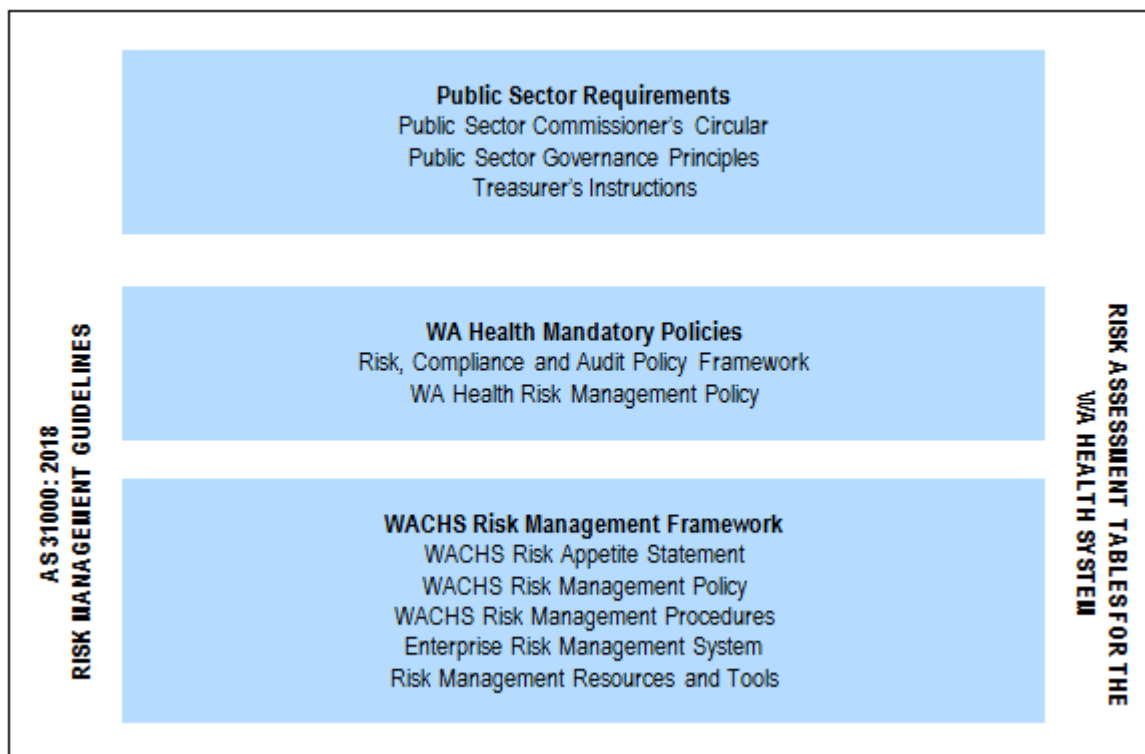
Figure One: Risk Management Process



2.2 Risk Management Framework

The WACHS Risk Management Framework (Framework) is based on the requirements of the Australian Standard. The Framework (figure two below) represents the components providing the foundations and organisational arrangements for design, implementation, monitoring, review and continual improvement of risk management throughout the organisation. The Framework describes how risks are appropriately identified, assessed, mitigated and escalated.

Figure Two: WACHS Risk Management Framework



2.3 Risk Appetite Statement

The [WACHS Risk Appetite Statement](#) (Risk Appetite Statement) describes the amount and type of risk that the WACHS Board is willing to accept in order to meet the organisation’s strategic objectives. The Risk Appetite Statement provides direction to managers about the level of risk that WACHS is willing to accept and states that risk treatment decisions are to be consistent with the intent of the Risk Appetite Statement.

2.4 Risk Management Process

Risk management is an important element of corporate governance and is closely associated with the pursuit of improved business performance, innovation and productivity. The risk management process involves the identification, analysis, acceptance, and mitigation of risk and is essential to ensuring WACHS is providing services in a safe and effective manner to both patients and staff.

Risk management takes many forms and may be undertaken as a regular part of business as usual. Many risks will have been identified and mitigated before there is an opportunity to record them in the Enterprise Risk Management System (ERMS).

Risk management practices are to be consistent with Australian Standard. The process for managing risks at WACHS is shown in Appendix One. Further details relating to risk management practices are also contained in the WACHS Risk Management Procedures.

2.5 Risk Oversight

The WACHS Board is accountable for maintaining oversight of the Framework and the WACHS Policy.

The role of the WACHS Audit and Risk Committee is to provide the Board with advice and independent assurance on:

- maintaining effective and efficient audit functions;
- risk, control and compliance frameworks; and
- the Board's external legislative obligations.

2.6 Risk Ownership and Acceptance

All managers are responsible and accountable for effective risk management within their areas of responsibility. The WACHS Authorisations Schedule provides a tiered approach for risk ownership and acceptance, with approval for making a risk active, and for accepting and archiving risks, only to be provided by the authorised officer.

Risks with significant potential consequences, or extending beyond a manager's work area, are to be referred upwards in accordance with existing management structures and responsibilities.

Risks are not to be escalated to the delegated authority for approval without prior consultation with the delegated authority. While the delegated authority is required to approve the risk, responsibility for elements of the risk and the completion of required treatments may be delegated to another officer.

2.7 Risk Identification and Monitoring

Every employee has a responsibility to be vigilant regarding risk management, the identification of risks, and the initiation of treatments and will be encouraged to participate in risk management processes. Managers are responsible for identifying and managing risks within their areas of responsibility and authority.

2.8 Risk Review Frequency

Risk owners are responsible for active risk management, including maintaining a full understanding of the risk, and undertaking regular risk reviews. The frequency of review should be determined by the risk rating, significant changes to the risk or the risk context, the expected progress with treatments and likely changes to the risk profile.

The desired aggregate control assessment for all risks should be 'satisfactory'. Where the assessment for a risk is below 'satisfactory', the risk must be subject to regular and active management as well as implementation of treatment action plans to improve the rating.

2.9 Risk Assessment Tables

All risks are to be assessed in accordance with the Risk Assessment Tables for the WA Health System. These tables should be read and applied in conjunction with the WA Health Policy and related documents.

2.10 Enterprise Risk Management System

The ERMS is the electronic risk register that is to be used to record all WACHS risks and risk management activities.

The ERMS supports the integration of risk management into decision making and enables effective monitoring, review and reporting.

The ERMS Mandatory Business Rules, published by the Department of Health, must be complied with.

2.11 Risk Education and Communication

Risk management requirements are to be formally communicated to staff, and education and training resources to build staff awareness will be available.

3. Compliance

Audits into all or part of the requirements of the System Manager may be initiated to ensure compliance with the WA Health Policy.

This Policy is to be reviewed every five (5) years, or earlier if required.

Failure to comply with this policy may constitute a breach of the WA Health Code of Conduct (Code). The Code is part of the [Integrity Policy Framework](#) issued pursuant to section 26 of the [Health Services Act 2016](#) (WA). The Code is binding on all WACHS staff which for this purpose includes trainees, students, volunteers, researchers, contractors for service (including all visiting health professionals and agency staff) and persons delivering training or education within WACHS.

WACHS staff are reminded that compliance with all policies is mandatory.

4. Related documents

The following documents are mandatory pursuant to this Policy:

- WA Health System Risk, Compliance and Audit Policy Framework;
- WA Health System Risk Management Policy (MP 0006/16);
- Risk Assessment Tables for the WA Health System; and
- WA Health Enterprise Risk Management System Mandatory Business Rules.

5. Supporting information

The following information is not mandatory but informs and/or supports the implementation of this Policy:

- Professional Practices Framework of The Institute of Internal Auditors;
- Insurance Commission (RiskCover) Risk Management Guidelines;
- Enterprise Risk Management System User Manual;
- Business Continuity Management Policy (OD 0595/15); and
- WA Health Clinical Risk Management Guidelines.

6. Standards

[National Safety and Quality Healthcare Standards](#) – Standard 1.10

7. Legislation

[Health Services Act 2016](#)
[Financial Management Act 2006](#)

8. Records Management

All WACHS corporate records must be stored in the approved Electronic Documents and Records Management System.

[Records Management Policy](#)

9. References

[Treasurer's Instruction 825 Risk Management and Security](#)
[Public Sector Commissioner's Circular 2015-03 Risk Management and Business Continuity Planning](#)
[Risk Assessment Tables for the WA Health System](#)
[WA Health Clinical Risk Management Guidelines](#)
[Australian Standard AS 31000:2018 Risk management – guidelines](#)
[WA Country Health Service Risk Appetite Statement](#)

10. Policy Framework

[Risk, Compliance and Audit Policy Framework](#)

11. Definitions

Term	Definition
Assurance	A process that provides a level of confidence that objective(s) will be achieved within an acceptable level of risk.
Control	A measure that maintains and/or modifies risk. Controls include, but are not limited to, any process, policy, device, practice, or other conditions and/or actions which maintain and/or modify risk. Controls may not always exert the intended or assumed modifying effect.
Enterprise Risk Management System	The risk management system being used by the WA Country Health Service.
Risk	The effect of uncertainty on objectives (either positive or negative).
Risk Analysis	The process to comprehend the nature of risk and to determine the level of risk.
Risk Appetite	The nature and extent of the risks the WACHS Board is prepared to accept to meet objectives.
Risk Level	The risk level is determined by multiplying the consequence rating by the likelihood rating to achieve a risk level from 1 (low) to 25 (extreme).
Risk Management	Coordinated activities to direct and control an organisation with regard to risk.
Risk Owner	The person or entity with the accountability and authority to manage risk. Each risk has only one risk owner.
Risk Treatment	A process to modify risk.

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Contact:	Manager Assurance and Risk (M. Connolly)		
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Appendix 1: Managing Risk at WACHS

