Risk Management Procedure

1. Purpose

The WA Country Health Service (WACHS) Risk Management Procedures establish the minimum standards to be implemented by WACHS in order to effectively manage risk at all organisational levels.

These Procedures are a mandatory requirement under the Risk, Compliance and Audit Policy Framework pursuant to section 26(2)(I) of the *Health Services Act 2016* (WA).

2. Procedure

These Procedures describe how WACHS will meet the requirement to ensure that all risks to the organisation are identified and managed effectively and in accordance with the WA health system Risk Management Policy (MP 0006/16).

The WACHS Risk Management Framework represents the organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management. The Framework:
- ensures risks are managed at the appropriate accountable level
- enables effective escalation of a risk
- ensures effective communication and reporting of risks.

These Procedures are consistent with Australian Standard AS 31000:2018 Risk management – Guidelines.

3. Risk Management Principles

This section outlines the principles of risk management and provides guidance on the characteristics of efficient and effective risk management, and explaining its intention and purpose.

3.1 Risk Identification
Risks that might help or prevent WACHS from achieving its objectives will be identified through a variety of means including environment scans, incident and business plan reviews, regular staff discussions, or the analysis of possible future events.

All managers are responsible and accountable for effective risk management within their areas of responsibility. Exercising this responsibility includes:
- systematically performing risk assessments to identify possible risks
- understanding the nature of the risks and likelihood of them happening
- implementing the most effective control measure that are reasonably practicable in the circumstances
- ensuring control measures and treatment action plans are working as planned.

The steps to be taken following the identification of a potential risk are set out in **Appendix One: Risk Identification Flowchart**.

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

For risks relating to:
- an occupational safety and health matter, notify an OSH coordinator
- a clinical matter, notify a clinical risk manager
- misconduct, notify a human resource manager or the WACHS Integrity Unit.

3.2 Risk Analysis
Once a potential risk has been identified, analysis should be undertaken to better comprehend its nature and characteristics. Risk analysis should consider:
- the likelihood of events and consequences
- the nature and potential magnitude of consequences
- the effectiveness of existing controls.

3.3 Risk Evaluation
Risks must be evaluated to determine whether they should be accepted, avoided or treated. Risk evaluation will take into account the degree of control that WACHS has over each risk and the potential cost, impact, benefits and opportunities, to determine the most appropriate risk treatment strategy. Risk evaluation will lead to a decision to:
- do nothing further
- initiate risk treatments
- undertake further analysis to better understand the risk
- maintain existing controls
- reconsider objectives.

Risk evaluation must be informed by the amount and type of risk that the WACHS Board is willing to take in order to achieve its objectives, as specified in the WACHS Risk Appetite Statement. The Risk Assessment Tables for the WA Health System should be used to evaluate the risk.

3.4 Risk Treatment
Following risk evaluation, the need for risk treatments will be considered. The process for initiating risk treatments involves:
- selecting and implementing risk treatment options
- assessing the effectiveness of the treatment
- deciding whether the remaining risk is acceptable
- initiating further treatments if required.

Risk treatments, commonly referred to as Treatment Action Plans (TAPs), should be designed to reduce the impact of the risk on the organisation. There is often a trade-off between the level of risk and the cost of reducing those risks to an acceptable level.

TAPs should identify the expected benefits to be gained, record clearly defined actions, timeframes and key performance measures, and should record those who are responsible for implementing and approving the treatment.

TAPs, even if carefully designed and implemented, might not produce the expected outcomes. Progress with TAPs should be closely monitored to ensure that they become and remain effective in controlling elements of the risk.

4. Risk Governance Requirements

4.1 Risk Register

The Enterprise Risk Management System (ERMS) is the mandated risk register to store, monitor and derive reports for all WACHS risks and TAPs.

Risks should only be included in the ERMS following a robust analysis and determination of options to mitigate the risk. Risks are to be assessed according to the consequence of risk events if they should occur, and the likelihood of them occurring, using the Risk Assessment Tables for the WA Health System.

Responsibility for risks and TAPs must be allocated to named individuals, with the allocation of ownership and the assigning of responsibility sufficiently segregated to avoid conflicts of interest.

Risks should only be edited by the risk owner, or an individual with approval from the risk owner to edit the risk.

Access to the ERMS can be granted by business area risk liaison officers or by the Manager Assurance and Risk. While risk information is recorded in an open and transparent basis, only the minimum privileges necessary to complete required tasks will be assigned to each user.

When capturing a risk within the ERMS, the impact of the risk should be assessed to determine the register level. Sub-registers have been established within the ERMS to enable this. Site-based risks are to be recorded in the appropriate sub-register, while the reporting functionality of the ERMS allows for filtered risk reports to be produced.

Risk owners are also able to link their risks to higher order risks, for instance, regional risks can be linked to related strategic or WACHS-wide operational risks, avoiding the need for duplication and ensuring consistency across the organisation.

The minimum risk information to be recorded in the ERMS includes:
- a risk description
- a single risk owner (where responsibility is shared, the person most responsible)
- a risk review date
- current or planned control/s which clearly define actions that are currently in place
- risk treatments clearly define agreed actions intended to be undertaken, the timeframe within which they will be taken, and an owner and assignee

- an assessment of the current risk rating, the projected (As Low As Reasonably Practicable) risk rating, and the overall control rating in accordance with the WA health system Risk Assessment Tables
- evidence of consideration and decision on risk treatment and effectiveness.

Project development risks, where the project is under the control of the Department of Finance (Building Management and Works), and procurement process risks may be excluded from recording in the ERMS. Careful consideration should be given to related elements of the project or procurement, and whether they represent risks which may prevent WACHS from achieving its objectives. These related risks should be recorded in the ERMS.

A risk can be accepted when the risk is within acceptable criteria (refer to the Risk Management Tables for the WA Health System) and no further treatment is required. Accepted risks should continue to be monitored and reviewed. Active TAPs must be completed before the risk can be accepted.

Risks should only be archived if the risk is no longer applicable as all controls are in place and effective or the risk has been transferred to another entity. Active TAPs must be completed before the risk can be archived.

A risk may be reactivated as the result of a change in the risk profile, such as the risk environment or organisational priorities.

Risk acceptance, archiving and reactivation are all subject to approval from the relevant delegated authority and evidence of this approval should be captured in the ERMS.

4.2 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 in accordance with existing management structures and responsibilities. This allows risks to be managed in a systematic way and ensures that risk owners have the authority to make the decisions required to manage the risk. While the delegated authority is required to approve the risk, ownership and ongoing management of the risk and required treatments may be delegated to another officer.

Risks are not to be escalated to the delegated authority for approval without prior consultation, which may occur via a scheduled meeting, a written briefing, or email.

A proposed risk should be entered in the ERMS, and submitted to the delegated authority for approval. Risks may be submitted for approval via the ERMS workflow, or by written briefing accompanied by a detailed risk report generated from the ERMS. Approval of the risk must be documented and recorded in the WACHS Records Management System, with the reference number recorded in the ERMS.

Once a proposed risk has been approved by the delegated authority, the risk will be deemed active and will be tracked and monitored via the ERMS.

Oversight responsibilities for risks may be undertaken by relevant governance committees, where appropriate.

4.3 Business Area Responsibilities

These procedures outline key responsibilities and related obligations for risk management to ensure that accountabilities are understood and that processes to manage risks exist and are applied consistently across WACHS. The procedures provide a process structure by which risk management obligations can be regularly identified, managed, monitored and reviewed.

Business areas are responsible for the management of their risks and must ensure that governance arrangements are in place in order to ensure that identified risks are regularly reviewed in terms of appropriateness, rating, controls, treatments and ownership.

When risks are updated, comments should be recorded in the ERMS, and the risk review date should be amended.

Business area governance arrangements must include:
- an authorisation, management and escalation methodology for all business area risks, in accordance with the WACHS Authorisations Schedule
- risk management as a regular agenda item for governance group meetings, including regular and comprehensive reviews of the business area risk register
- an identified risk liaison officer
- maintaining familiarity with, and considering the applicability of, risks identified in other business areas
- ensuring staff are able to record document and escalate risks
- regular review of staff access to the ERMS to ensure appropriate users have access.

Business area executives shall:
- ensure the establishment of local practices that are consistent with the WA health system Risk Management Policy and the WACHS Risk Management Policy
- ensure staff are aware of their roles and responsibility to ensure risk management is undertaken effectively
- ensure business area risks are recorded in the ERMS.

Business area executives shall incorporate risk management into organisational processes in the following ways:
- in the development or review of strategic, operational and project plans
- in new or revised allocation of significant resources
- in purchasing, procurement and contract arrangements decisions
- in compliance with legislation and Government policy
- in change management.

Risk owners shall:
- ensure accurate and complete risk information is recorded in the ERMS
- assess risks using the Risk Assessment Tables for the WA Health System
- review risks following a significant change to the risk or the risk context
- initiate treatments to ensure risks are managed to an as low as reasonably practicable (ALARP) level and archived when appropriate.

Risk coordinators shall:
- work with risk owners to record accurate and complete risk information in the ERMS
- support risk owners in the recording of risks
- reassign risks, controls and TAPs when individuals changes roles
- on a periodic basis, check that all users are still active WACHS employees, and 'offboard' those that have left the organisation
- produce risk reports for relevant executive, senior management and governance group meetings, where required.

All staff shall:
- proactively identify and manage risks and opportunities within their area of responsibility in accordance with the WACHS Risk Management Policy
- communicate or escalate risks outside their area of responsibility to the prospective risk owner in writing
- proactively communicate relevant risk information to other business areas or functions to the responsible executive
- adhere to and support management in the implementation of risk controls and treatments.

It is important that risks are managed, and risk owners accountable, at the local level, and are appropriately discussed at governance meetings on a regular basis. TAPs should be focussed at regional level implementation, but may reference strategic and WACHS-wide operational risks.

4.4 Risk Reporting
Information derived from the ERMS will be used to identify significant risks which will form the basis of reporting to the WACHS Board, the Audit and Risk Committee, and the WACHS Executive. The identification of significant risks will be based on risk rating, the impact of the risk eventuating, the repetition of the risk across multiple regions, and the adequacy of TAPs.

4.5 Risk Management Training
The WACHS Risk Management eLearning Program is a mandatory training requirement for all primary supervisors.

5. Compliance

This procedure applies to all employees, volunteers, and staff engaged through a contract for service provided by WACHS under the *Health Services Act 2016* (WA). It is a mandatory requirement under the Treasurer's Instruction 825 Risk Management and Security.

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

6. Records Management

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

7. Evaluation

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

Evaluations of this procedure are to be undertaken by the Manager Assurance and Risk. Key performance indicators may also be used to assess the efficiency and effectiveness of the arrangements, as well as to assess the management of the strategic risks.

Identified risks will inform the development of the WACHS Strategic Internal Audit Plan and the establishment of annual internal audit priorities.

8. Standards

National Safety and Quality Healthcare Standards – Standard 1.10

9. Legislation

Health Services Act 2016
Financial Management Act 2006

10. 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

11. Related Forms

WACHS Risk Identification Form

12. Related Policy Documents

WACHS Risk Appetite Statement
WACHS Risk Management Policy
WACHS Records Management Policy

13. Related WA Health System Policies

[Risk Management Policy (MP 0006/16)](#)

14. Policy Framework

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

15. Definitions

Term	Definition
As low as reasonably practicable (ALARP)	A tolerable level of risk where further risk reduction is impractical, the cost of further risk reduction would exceed the improvements/benefits gained, and other treatments/controls are not available.
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 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.
Strategic risk	A risk that may affect the ability of WACHS to achieve its strategic objectives.
System Risk Management	Coordinated activities across all or part of the WA health system undertaken to establish, monitor and improve the control environment, in order to support the achievement of objectives.

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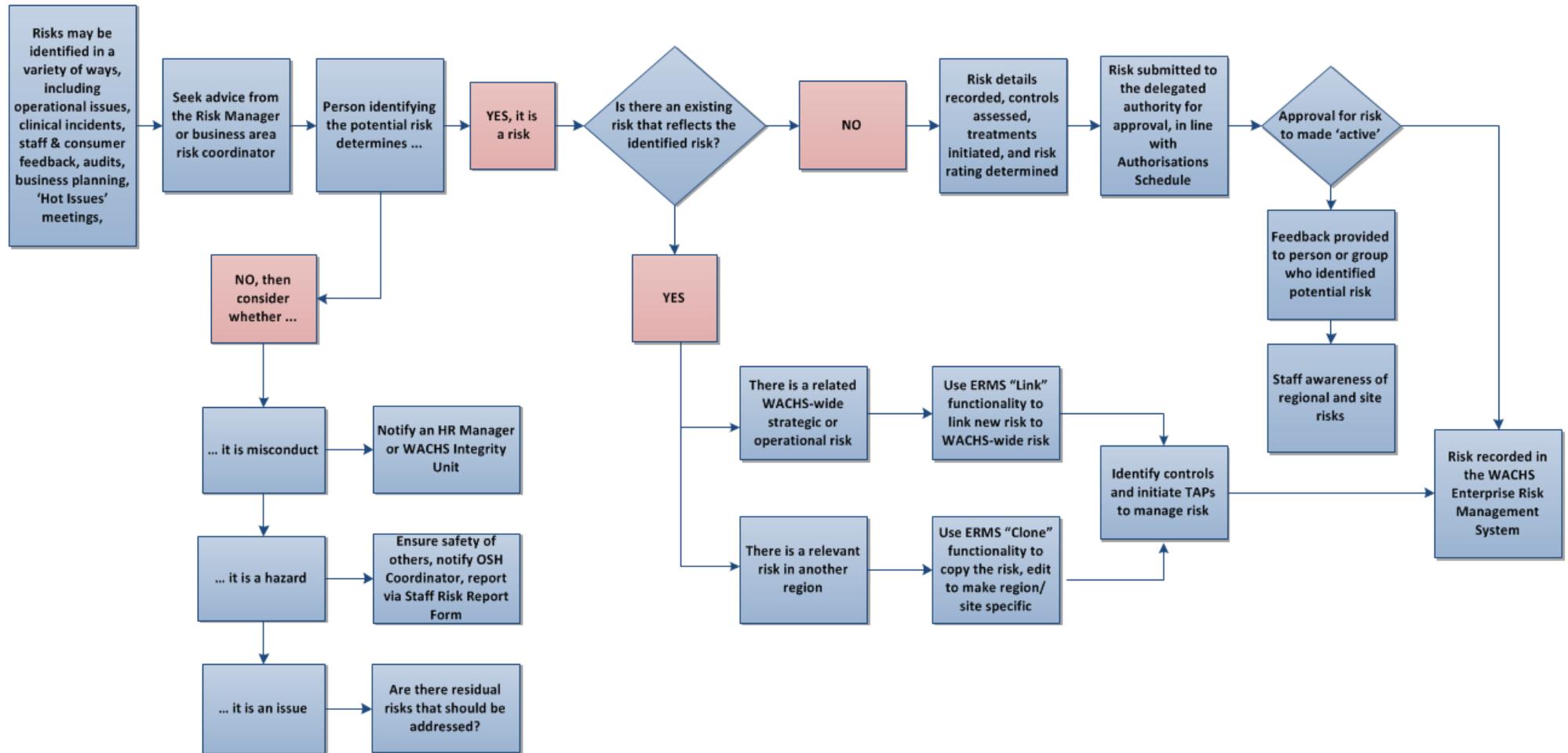on request for a person with a disability**

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Directorate:	Office of the Chief Executive	EDRMS Record #	ED-CO-18-63818
Version:	1.00	Date Published:	19 May 2020

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Appendix One: WACHS Risk Identification Flowchart