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1. PREAMBLE

This Policy outlines the Council’s responsibilities and commitment to risk management within its operations. It promotes a structured and consistent approach to minimising risk exposure and to protect Council’s employees, assets, liabilities and the community. Effective risk management contributes to good governance, minimises uncertainty in achieving goals and objectives, and maximises opportunities to achieve Council’s Strategic Plan.

1.1 Background

This Policy supports the implementation and maintenance of Risk Management across Council, integrating Risk Management throughout corporate management systems, processes and procedures, and enabling continuous improvement for the City of Holdfast Bay, whilst enhancing the decision-making process for Council and its Strategic Planning processes.

1.2 Purpose

The purpose of this Policy is to:

- articulate the key principles of Council’s Risk Management approach
- integrate them into governance and leadership structures
- provide context for an effective and dynamic Risk Management Procedure for the identification, analysis, monitoring and management of risk.

1.3 Scope

This policy applies to all internal and external stakeholders, authorised to act on behalf of Council, including Elected Members, employees, contractors and volunteers at the City of Holdfast Bay.

This policy and its related documentation is intended to provide guidance for maximising opportunities whilst minimising risks that may impact on the achievement of Council’s objectives.

1.4 Definitions

Risk Appetite refers to the amount and type of risk an organisation is prepared to pursue, retain or take.

Risk Tolerance refers to the level of risk an organisation will accept/has a readiness to bear to achieve its objectives/outcomes.

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1.5 Strategic Reference

Statutory compliance.

2. PRINCIPLES

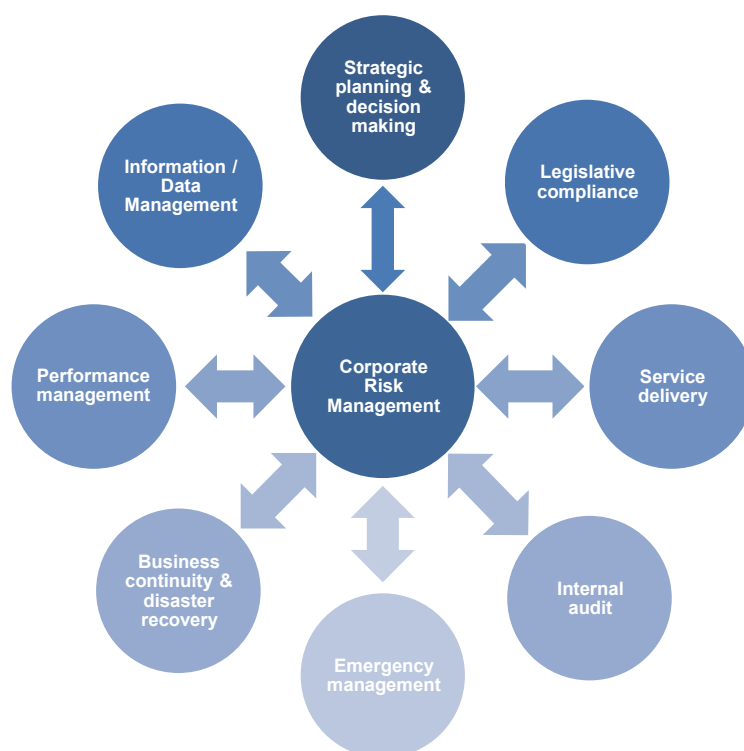
2.1 Council will set its risk appetite at least once each term, but may review it as conditions require. Council's risk tolerance is as follows:

Extreme	<ul style="list-style-type: none"> - Immediate/within 24 hours: Implementation of risk mitigation plans/actions to contain/reduce current residual risk or halt/remove activity - Successful reduction of residual risk to be regularly reported (daily or weekly) to the General Manager, until risk becomes acceptable 	<p>Outside Tolerance: Not acceptable</p>
High	<ul style="list-style-type: none"> - Within 1-2 working days: Review of current controls and further risk assessment required - Consideration of further mitigating actions/strategies 	<p>Outside Tolerance: Not acceptable (without CEO approval)</p>
Moderate	<ul style="list-style-type: none"> - Within routine management: Managers to monitor the effectiveness of existing controls and reassess periodically - Ensure rating does not increase over time 	<p>Within Tolerance: Acceptable (With approval of General Manager)</p>
Low	<ul style="list-style-type: none"> - Within routine management - Consideration should be given to streamlining of excessive or redundant controls 	<p>Within Tolerance: Acceptable</p>

2.1.1 Exceptions to the risk tolerance in this policy must be authorised by the Chief Executive Officer and referred to Audit Committee for consideration and advice to Council at the next available meetings.

2.2 Council is committed to an integrated risk management approach to assist in setting appropriate strategies, achieving objectives and making informed decisions, in the best interests of our community. This approach includes the following elements:

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Source: ISO 31000:2018 Risk Management - Guidelines

- 2.1.1 Corporate Risk Management encompasses strategic, operational and project based risks. Risk management is integrated into governance structures, including decision making, and supported by incorporating risk analysis into corporate reporting where appropriate.
- 2.1.2 Strategic and business planning, including long-term financial planning and annual budgeting, must adequately consider the risks inherent in setting and pursuing objectives and the effectiveness of systems in place to manage and communicate those risks.
- 2.1.3 All relevant legislative obligations must be considered in assessing and managing risk.
- 2.1.4 Risk exposures vary according to the functions, facilities and services provided. As these are subject to change over time, risk management processes must be dynamic and forward looking, as well as agile in resourcing and management.
- 2.1.5 Internal audit is an independent, objective assurance activity designed to add value by providing a systematic and disciplined approach to assessing the effectiveness of risk management, control and governance processes. This process may identify new risks or more effective treatments.
- 2.1.6 Council plans for, and undertakes, prevention, preparedness, response and recovery activities to support its community in the event of emergencies and natural disasters. This process includes both alignment with State procedures and provision of appropriate emergency management training.
- 2.1.7 Council is committed to ensuring that critical business functions continue after a business interruption, taking into consideration reasonably foreseeable risks and

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their potential impact on achievement of objectives. Relevant plans will be developed in accordance with the Business Continuity Policy.

2.1.8 Appropriate measures and reporting structures are required to manage performance of Council’s goals and objectives, and identify gaps and emerging risks related to them.

2.1.9 Appropriate risk mitigation strategies need to be in place to ensure records are not vulnerable to cyberattack, malicious intent or unauthorised release, and all legislative obligations are met.

2.2 The goal is not to eliminate all risks, but rather to manage risks involved in delivering Council’s services while creating and protecting value for stakeholders and the community. To this end, Council will apply risk management strategies to all business activities

2.2 In managing risk at the City of Holdfast Bay, Council will ensure that the organisation has an ethos and operating culture, embedding risk management processes into management activities at a strategic operational and project based level.

2.3 Council’s Risk Management approach is based on the principles contained within AS/NZ ISO 31000:2018 Risk Management – Guidelines. These principles are:

<i>Integrated</i>	An integral part of all organisational processes
<i>Part of decision-making</i>	Aids decision-makers in making informed choices and identifying the most effective course of action
<i>Structured and comprehensive</i>	Contributes to efficiency and to consistent and comparable results
<i>Best available information</i>	Based on historical and current information, as well as on future expectations, taking into account any limitations associated with such information and expectations.
<i>Customised</i>	Aligns with the internal and external context related to our objectives
<i>Human and cultural factors</i>	Recognises that the behaviour and culture can significantly influence the achievement of objectives
<i>Inclusive</i>	Requires appropriate and timely involvement of stakeholders to enable their knowledge, views and perceptions to be considered
<i>Dynamic</i>	Anticipates, detects, acknowledges and responds to changing internal and external contexts, resulting in new risks emerging and others changing or disappearing
<i>Continual improvement</i>	Learning and experience drives continuous improvement

2.4 Council will ensure that appropriate internal controls are implemented and maintained to manage risk. In accordance with Council’s integrated risk management approach, business disruptions will be managed to minimise impact, fraud management will prevent, identify, minimise and control fraudulent and/or corrupt activity, and emergency management responses will be implemented in line with relevant plans.

2.5 **Monitoring and Reporting**

Council will implement a monitoring and reporting process to ensure that risks are regularly reviewed, amended and mitigated as required.

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2.5.1 Reports will draw data from the Corporate Risk Register and provide monitoring and profile information to Senior Leadership Team, the Audit Committee and Council as needed to assist with:

- understanding Council's risk exposure
- identifying risks that require increased attention and action
- providing relevant information to Council about risks likely to impact upon achievement of strategic objectives
- dissemination of information to support staff in making risk informed decisions
- promoting risk culture and awareness throughout the organisation.

2.5.2 Reports will include, at a minimum, the following:

Report to	Frequency	Content
Council and Committees	As required	Reports to Council and Committees need to include a discussion of existing and newly emerging risks and treatments. (This requirement does not apply to routine administrative matters.)
	Once per term	Set the risk appetite and tolerance.
Audit Committee	Quarterly	Risks rated high and above. Any other relevant matters referred by Senior Leadership Team. Report on compliance with policy.
	Annual	Risk Profile - Verify that risks are controlled within risk appetite and tolerances. Propose any emerging risks for consideration.
Senior Leadership Team	Quarterly	Risks rated high and above. Any changes made to the corporate risk register over the previous quarter. Any other risks that require attention or are of concern.
	Annual	Review of risk appetite and tolerances. Review of all Strategic Risks and any other risks rated high and above.
Leadership Team	Quarterly	Risks rated high and above. Any changes made to the corporate risk register over the previous quarter.

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Report to	Frequency	Content
	Annual	Any other risks that require attention or are of concern. Review of full Corporate Risk Register.
Project Board	Monthly	Project Risks and any changes to risks

2.5.3 An independent audit of Council's internal controls will be undertaken annually as required by section 125 of the *Local Government Act 1999* and part 6, Regulation 19 of the Local Government Financial Management Regulations 2011.

2.6 Risk Registers

Council will ensure a risk register is established and maintained, which includes strategic, operational and other categories of risk.

2.6.1 All risks are assessed and captured in the Corporate Risk Register in order to provide an instant overview of our corporate risk exposure. Categories of risks include:

- Strategic risks – relate to significant organisational risks and risks to strategic objectives
- Operational risks – relate to risks associated with the delivery of Council services and day to day organisational risks
- Asset risks – relate to infrastructure and physical assets
- Project risks – relate to risks associated with projects.

2.6.2 Risks will be assessed in accordance with the Consequence and Likelihood Scales, and Risk Matrix in Risk Management Procedure Appendix 3.

2.6.3 Within the registers, the individual risks will be rated for inherent, current and residual risks.

2.6.4 Treatment plans will be developed where actions are required to achieve the desired residual risk rating.

2.7 Roles and Responsibilities

2.7.1 Council has overall responsibility for risk, for fostering a strong risk management culture and facilitating an appropriate governance structure, resources and related guidance. In addition, Council has responsibility for setting the organisation's Risk Appetite and Risk Tolerance, for oversight of the management of risk and its inclusion in the decision making process and for the approval and review of the Council's Risk Management Procedure.

2.7.2 In discharging its responsibility in relation to risk management, Council will seek the views of the Audit Committee. The responsibilities of the Audit Committee in this respect are contained in the Committee's Terms of Reference and the *Local Government Act 1999*, and include, amongst other things, assessing the adequacy of controls and monitoring risks.

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- 2.7.3 Council has also delegated various powers and functions to the Chief Executive Officer to enable the setting of risk policy and procedures. The Chief Executive Officer has overall accountability for an effective risk management program and for the management of Council's risk profile, to ensure that Council is not exposed to unnecessary or uncontrolled risks.
- 2.7.4 The Senior Leadership Team and Leadership Team are responsible for leading and promoting a proactive risk culture, the implementation of this Policy and related Procedure and for ensuring risk management is embedded into all their business activities, as well as:
- ensuring that they identify and evaluate risks for operations within their business units and develop appropriate controls, treatments and mitigations,
 - allocating appropriate resources to implement, monitor and improve the effectiveness of risk management
 - ensuring that the Council's assets and operations are adequately protected through appropriate Risk Management plans and programs,
 - ensuring that staff, contractors, volunteers and other relevant stakeholders have the appropriate skills and knowledge to identify and manage risk
 - ensuring accountability for risk management and ensuring it is understood
 - ensuring compliance with legislative and contractual obligations and policy requirements.
- 2.7.5 Staff (including contractors and others operating on behalf of Council) are responsible for:
- performing their duties and functions in a safe manner
 - adhering to safe work practices
 - ensuring they are familiar with the Council's risk management processes
 - identifying and reporting risk in their area of responsibility
 - assisting to identify ways of controlling those risks
 - taking action attributed to them by any action plan
 - ensuring they remain alert and report any risks identified via their normal activities / duties.

2.8 Training

- 2.8.1 Elected members are key strategic decision makers and it is therefore imperative that they understand risk management principles and their role. Risk management training will be provided to Elected Members within twelve months of a Local Government Election.
- 2.8.2 Risk management training for staff will be provided in accordance with the Training Needs Analysis to ensure effective implementation of this Policy and any relevant procedures.
- 2.8.3 Training for Committee Members will be provided as deemed necessary by the Chief Executive Officer.

3. REFERENCES

3.1 Legislation

- *Local Government Act 1999*
- *Local Government Financial Management Regulations 2011*
- *Work Health and Safety Act 2012*
- *Emergency Management Act 2004*
- *Civil Liabilities Act 1936*
- *State Records Act 1997*
- *Freedom of Information Act 1991.*

3.2 Other References

- AS/NZS ISO 31000:2018 Risk Management - Guidelines
- Audit Committee Terms of Reference
- Better Practice Model – Internal Financial Controls 2012 SALGFMG
- Work Health and Safety Policies and Procedures
- Business Continuity Policy and Business Continuity Plans
- Emergency Management Plans, including Workplace Emergency Evacuation Plans
- Risk Management Procedure.