

## **RISK MANAGEMENT COUNCIL POLICY**

### **POLICY STATEMENT**

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It is the City's Policy to achieve best practice aligned with AS/NZS ISO 31000:2018 Risk Management – Guidelines, in the management of all risks that may affect the City meeting its objectives.

Risk management functions will be resourced appropriately to match the size and scale of the City's operations, will form part of Strategic, Operational, and Project responsibilities, and be incorporated within the City's Integrated Planning and Reporting Framework.

### **POLICY SCOPE**

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This policy applies to all Council Members, Employees and Contractors involved in any City operations.

### **POLICY OBJECTIVES**

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The objective of this Risk Management Policy is to state the City of Bunbury's ('City's') intention to identify potential risks before they occur, so that impacts can be minimised or opportunities realised; ensuring that the City achieves its strategic and corporate objectives efficiently, effectively and within good corporate governance principles.

### **POLICY DETAILS**

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Council is committed to ensuring that risk management:

- Optimises the achievement of the City's values, strategies, goals and objectives.
- Aligns with and assists the implementation of City Policies.
- Provides transparent and formal oversight of the risk and control environment, enabling effective decision-making.
- Reflects risk versus return considerations within the City's risk appetite.
- Embeds appropriate and effective controls to mitigate risk.
- Achieves effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhances organisational resilience.
- Identifies and provides for the continuity of critical operations.

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## POLICY PROCEDURES:

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### Key Definitions

**Risk:** The effect of uncertainty on objectives.

**Note 1:** An effect is a deviation from the expected – positive or negative.

**Note 2:** Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).

**Risk Management:** Coordinated activities to direct and control an organisation with regard to risk.

**Risk Management Process:** Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

### Roles and Responsibilities

The CEO is responsible for:

- Implementation of this Policy.
- Measurement and reporting on the performance of risk management.
- Review and improvement of this Policy and the City's risk management framework at least biennially, or in response to a material event or change in circumstances.

The City's risk management framework outlines in detail all roles and responsibilities associated with managing risks within the City.

### Risk Assessment and Acceptance Criteria

The City has quantified its broad risk appetite through the City's 'Risk Assessment and Acceptance Criteria'. The criteria are included within the risk management framework and as a component of this Policy.

All organisational risks are to be assessed according to the City's Risk Assessment and Acceptance Criteria to allow consistency and informed decision-making.

For operational requirements such as projects or Work Health and Safety or in rare instances in which the City's Risk Assessment and Acceptance Criteria are unclear in determining a level of risk, alternative risk assessment criteria may be utilised, however these cannot exceed the organisation's risk appetite as detailed in the City's 'Risk Appetite Statement'.

The City's Risk Appetite Statement specifies the amount of risk Council is willing to accept and which it can reasonably expect to manage successfully in pursuit of the City's long-term strategic objectives.

Whilst these risk appetite statements are necessarily broad in their guidance, they offer insight to staff about risk areas or activities where Council has set firm boundaries and clearly require management and staff to consult with them before proceeding.

### Monitor and Review

The City will implement and integrate a monitor and review process to report on the achievement of risk management objectives, the management of individual risks and the ongoing identification of issues and trends.

This Policy will be kept under review by the City's Management Team. It will be formally reviewed biennially.

## COMPLIANCE REQUIREMENTS

### LEGISLATION

- *Local Government Act 1995*
- *Local Government (Audit) Regulations 1996*

### INDUSTRY

AS/NZS ISO 31000:2018 Risk Management – Guidelines

### ORGANISATIONAL

- *City of Bunbury Risk Management Procedures*

Document Control					
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DOC/442330[v2]	Council Decision 094/22 17 May 22	Amended Policy and updated matrix			
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<a href="#">CP-024909 v 2.0</a>	Res 352/17 19 September 2017	Amended Policy and updated matrix			
<a href="#">CP-024909 v1.0</a>	Res 232/16 12 July 2016	Amendment to policy and inclusion of matrix			
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## City of Bunbury Risk Assessment and Acceptance Criteria

City of Bunbury Measures of Consequence							
Rating (Level)	Compliance	Environment	Financial	Health / People	Property	Reputational	Service Interruption
<b>Insignificant (1)</b>	No noticeable regulatory or statutory impact	Contained, reversible impact managed by on-site response	Less than \$50,000	Near miss. Minor first aid injuries	Inconsequential damage.	Unsubstantiated, low impact, low profile or 'no news' item	No material service interruption <3 hours
<b>Minor (2)</b>	Some temporary non-compliances	Contained, reversible impact managed by internal response	\$50,001 - \$250,000	Medical -type injuries	Localised damage rectified by routine internal procedures	Substantiated, low impact, low news item	Short-term temporary interruption – backlog cleared <1 day
<b>Moderate (3)</b>	Short term non-compliance but with significant regulatory requirements imposed	Contained, reversible impact managed by internal & external agencies	\$250,001 - \$1.0Mil	Lost-time physical or mental injury <30 days / Multiple staff morale problems	Localised damage requiring internal & external resources to rectify	Substantiated, public embarrassment, moderate impact, moderate news profile	Medium-term temporary interruption – backlog cleared by additional resources <1 week
<b>Major (4)</b>	Non-compliance results in termination of services or imposed penalties	Uncontained, reversible impact managed by a coordinated response from external agencies	\$1.0Mil - \$5Mil	Lost-time physical or mental injury >30 days / Widespread staff morale problems	Significant and/or widespread damage requiring internal & external resources to rectify	Substantiated, public embarrassment, high impact, high news profile, third party actions	Prolonged interruption of services – additional resources required; performance affected <1 month
<b>Catastrophic (5)</b>	Non-compliance results in litigation, criminal charges, significant damages and/or penalties	Uncontained, irreversible impact	More than \$5Mil	Fatality, permanent disability. City no longer an employer of choice. Loss of key staff.	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Indeterminate prolonged interruption of services – non-performance >1 month

City of Bunbury Measures of Likelihood			
Level	Rating	Description	In the past at City of Bunbury
1	Rare	The event may only occur in exceptional circumstances (<5% chance)	Less than once in 15 years
2	Unlikely	The event could occur at some time (<10% chance)	Once in 10 years
3	Possible	The event should occur at some time (20% chance)	Once in 3 years
4	Likely	The event will probably occur in most circumstances (>50% chance)	Once per year
5	Almost Certain	The event is expected to occur in most circumstances (>90% chance)	More than once per year

**Consequence X Likelihood = Risk Rating**

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

City of Bunbury Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
Low	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Team Leader
Moderate	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Manager
High	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	Executive
Extreme	Unacceptable	Risk only acceptable with effective controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous documented monitoring	CEO & Council

City of Bunbury Existing Control Ratings		
Rating	Foreseeable	Description
Efficient	There is no scope for improvement with all available resources.	Controls are operating as intended and aligned with policies and procedures. Controls are documented, up to date, understood by users, not forgotten or components missed, does not expose the organisation to theft or fraud and is delivered consistently within statutory or service delivery standards. Controls are subject to ongoing monitoring. Controls are reviewed and tested regularly.
Adequate	There is some scope for improvement.	Controls are generally operating as intended; however, inadequacies exist. Limited monitoring of controls. Controls are reviewed and tested, but not regularly.
Inadequate	There is a need for improvement or action.	Controls are not operating as intended. Controls do not exist, or are not being complied with. Controls have not been reviewed or tested for some time.