

RISK MANAGEMENT COUNCIL POLICY

POLICY STATEMENT

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

This policy applies to all Council Members and Workers as defined in the Work Health and Safety Act 2020, involved in any City operations.

POLICY OBJECTIVES

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

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.

POLICY PROCEDURES:

Key Definitions

Risk: The effect of uncertainty on objectives.

Note 1: An effect is a deviation from the expected – positive or negative. From an operational perspective, the City defines Risk as a *possible event or incident that, if it occurs, will have an impact on the City's objectives*.

Note 2: Risk is measured as a combination of the likelihood of a perceived threat or opportunity occurring and the magnitude of its consequences on objectives. Council recognises that risk may have positive or negative outcomes and therefore may relate to opportunity, loss or simply the presence of uncertainty.

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*
- *Work Health and Safety Act 2020*

INDUSTRY

AS/NZS ISO 31000:2018 Risk Management – Guidelines

ORGANISATIONAL

- *City of Bunbury Risk Management Procedures*
- *City of Bunbury Risk Appetite Statement (DOC/997404)*

Document Control					
Document Responsibilities:					
Owner:	Chief Executive Officer	Owner Business Unit:	Strategy and Organisational Performance		
Reviewer:	Manager Governance	Decision Maker:	Council		
Document Management:					
Adoption Details	24 June 2014 – 206/14	Review Frequency:	biennial	Next Due:	2025
Review Version	Decision Reference:	Synopsis:			
DOC/442330[v3]	Council Decision 101/23 27 June 2023	Amended Policy and updated matrices			
DOC/442330[v2]	Council Decision 094/22 17 May 22	Amended Policy and updated matrix			
DOC/442330[v1]	03/2019	Converted from Mydocs to CM9.			
CP-024909 v 2.0	Res 352/17 19 September 2017	Amended Policy and updated matrix			
CP-024909 v1.0	Res 232/16 12 July 2016	Amendment to policy and inclusion of matrix			
Date Printed	12 July 2023				

City of Bunbury Risk Assessment and Acceptance Criteria

Consequence matrix: outlines the pre-determined definitions for consequence in relation to the City.

Consequence Matrix					
Rating (Level)	Compliance/Regulatory	Environment	Financial	Health and Safety	Reputation
Insignificant (1)	Judgement where the total cost of legal action, fines and remediation of the issue is less than \$50,000; and/or Receipt of observations /recommendations from Regulator.	Contained, reversible impact managed by on-site response	Less than \$50,000	Injuries or illness to personnel under the control of the City requiring no more than first aid treatment at the scene	Less than 10% of media stories are negative for a period of up to 7 days; and/or Exist surveys show a dissatisfaction rate within the City of <5%
Minor (2)	Judgement where the fine imposed is less than 10% of the maximum that can be issued; and/or Conditions applied to accreditation; Receipt of improvement notice	Contained, reversible impact managed by internal response	\$50,001 - \$250,000	Injuries or illness to personnel under the control of the City requiring medical attention with no long-term effects	10-20% of media stories are negative for a period of up to 7 days; and/or Exit surveys show a 5-15% dissatisfaction rate within the City
Moderate (3)	Judgement where the fine imposed is 10-50% of the maximum that can be issued; and/or Multiple conditions placed on accreditation; and/or Forced shut down of business function/resource requirement for period less than Maximum Allowable Outage (MAO)	Contained, reversible impact managed by internal & external agencies	\$250,001 - \$1.0Mil	Injury or illness to personnel under the control of the City where their injuries will impact them for a period of >30 days where the City is found to be primarily responsible	20-50% of media stories are negative for a period of up to 7 days; and/or Exit surveys show a 15-30% dissatisfaction rate within the City
Major (4)	Judgement where the fine imposed is 50% or more of the maximum that can be issued; and/or Temporary suspension of accreditation; and/or Forced shut down of business function/resource for period approaching MAO	Uncontained, reversible impact managed by a coordinated response from external agencies	\$1.0Mil - \$5Mil	Permanent disability of personnel under the control of the City where the City is found to be primarily responsible; and/or hospitalisation of multiple personnel under the control of the City where their injuries will impact them for a period of six months or more where the City is found to be primarily responsible.	Greater than 50% of media stories are negative for a period of up to 30 days; and/or Exit surveys show a 30-50% dissatisfaction rate within the organisation
Catastrophic (5)	Judgement where the fine imposed is the maximum that can be issued by the Regulator; Appointment of administrator; Loss of accreditation; Forced shut down of business function/resource for period in excess of MAO	Uncontained, irreversible impact	More than \$5Mil	Death and/or multiple permanent disability of personnel under the control of the City where the City is found to be primarily responsible	Greater than 50% of media stories are negative for a period of 30 days or more; and/or Exit surveys show a dissatisfaction rate within the organisation of >50%

Likelihood Matrix is determined through the effectiveness of the control environment.

City of Bunbury Measures of Likelihood		
Level	Rating	Description
1	Rare	90% or more of the critical controls associated with the risk are rated as either effective or mostly effective. The strength of this control environment means that, if this risk eventuates, it is most likely as a result of external circumstances outside of the control of the City.
2	Unlikely	70 – 90% of the critical controls associated with the risk are rated as either effective or mostly effective. The strength of this control environment means that it is more than likely that the risk eventuating would be caused by external factors not known to the City.
3	Possible	30-70% of the critical controls associated with the risk are rated as either effective or mostly effective and, if there is no improvement the risk may eventuate.
4	Likely	10-30% of the critical controls associated with the risk are rated as either effective or mostly effective. Without control improvement, it is more likely that not that the risk will eventuate.
5	Almost Certain	Less than 10% of the critical controls associated with the risk are rated as either effective or mostly effective. Without control improvement, it is almost certain that the risk will eventuate.

Control Categorisation

Control criticality

Criticality	Descriptor
5	The control is critical to the management and reduction of the risk. If this control is ineffective or partially effective, the likelihood and/or consequence of the risk will increase significantly (i.e. increases likelihood or consequence by 3 or more levels)
4	The control is very important to the management and reduction of the risk. If this control is ineffective or partially effective, the likelihood and/or consequence of the risk will increase (i.e. increases likelihood or consequence by 2 levels)
3	The control is important to the management and reduction of the risk. If this control is ineffective or partially effective, the likelihood and/or consequence of the risk will increase (i.e. increases likelihood or consequence by 1 level)
2	The control has some consequence on the management and reduction of the risk. Depending on the criticality of the other controls, an analysis should be undertaken to determine the necessity of this control.
1	The control has little to no consequence on the management and reduction of the risk. It is unlikely this control is required

Control Effectiveness Ratings

City of Bunbury Control Ratings	
Rating	Description
Effective	No control gaps. The control is influencing the risk level and only continued monitoring is needed Controls are documented, up to date, understood by users.
Moderately Effective	Few control gaps. The control is influencing the risk level, however, improvement is needed. Controls are generally operating as intended; however, inadequacies exist and/or. Controls are reviewed and tested, but not regularly.
Partially Effective	Some control gaps that result in the control having limited influence on risk level; and/or Limited monitoring of controls.
Not Effective	Significant control gaps that result in the control not influencing risk level (not reducing the likelihood and/or consequence of the risk) Controls do not exist, or are not being complied with and/o. Controls have not been reviewed or tested for some time.
Not yet assessed	

Risk Evaluation

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