

RISK MANAGEMENT

COUNCIL POLICY

POL-RKM 01

Introduction:

As a public authority, the City of Mandurah (the City) is exposed to a broad range of risks which, if not managed, could adversely impact on its ability to achieve the strategic community objectives.

Therefore, the City will implement a risk management system encompassing a Risk Management Framework, this Policy and Risk Management Procedures to identify and address, where practicable, areas of risk within the City. The system adopted will be consistent with *Australian and New Zealand Standard ISO 31000:2018 Risk Management Guidelines* (the Standard).

The intent of this policy is to create an environment where Council, management and staff accept direct responsibility for risk management, through development, implementation and maintaining of effective risk management practices. Risk management is the responsibility of everyone and will be treated as an integral part of the City's culture, policies, protocols and processes.

Objective:

The objectives of the risk management and this policy are:

- **Protection:** to safeguard the City's assets - people, financial sustainability, environment, property, reputation and information;
- **Improved quality:** to use risk management principles as a tool for improving the reliability, effectiveness and efficiency of services and infrastructure to a consistently high standard;
- **Increase success:** strengthen financial and non-financial outcomes by using risk assessments to make better informed decisions and clearly articulate what is achievable;
- **Minimise adverse impacts:** to undertake good and proper management of risks in order to prevent loss, damage and minimise harm from the City's services and infrastructure on the community, visitors and the environment; and
- **Opportunity and innovation:** to capitalise on opportunities identified, foster creativity and facilitate innovation for future success within a sound environment.

Statement:

1 APPLICABILITY

This policy applies to all risk management activities undertaken by City officers, volunteers, appointed representatives and where applicable, contractors.

2 POLICY REQUIREMENTS

- 2.1 The City will manage risk in accordance with the Standard, and will, at all levels of the organisation, ensure the following is achieved:

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- Design and implement a Risk Management Framework that is consistent with the Standard to provide a common structure for all risk management activities across the City;
- Identify, assess and prioritise the strategic risks for each objective stated in the *City of Mandurah Strategic Community Plan 2020-2040* and ensure risk treatments are implemented progressively based on the level of risk and the effectiveness of the current controls;
- Manage all identified risks and undertake regular review of all identified risks;
- Integrate risk management processes into existing business planning cycles and operational processes across all levels of the organisation;
- Act in accordance with relevant legislation and consider political, social, natural and economic environments when managing risk;
- Create and actively promote a culture of risk awareness across the City through implementation, expectation and equipping staff with risk management tools for individual and organisational development; and
- Ensure resources and operational capabilities are identified and allocated to all aspects of the City's Risk Management Framework.

2.2 All levels of the City shall incorporate the following principles of Risk Management. These principles are the City's commitment to create, value and foster effective and efficient risk management.

The City's risk management approach will:

- A. be **integrated** into all management planning and operational processes undertaken or overseen by The City;
- B. be a **structured and comprehensive** approach that is applied to ensure risk management processes are systematic and timely;
- C. be **customised** to fit seamlessly within The City's diverse strategic, operational and project-based activities and in proportion to the external and internal context in which the City operates;
- D. be **inclusive** of internal and external stakeholder's knowledge, views and perceptions for transparency and better-informed decision-making;
- E. be **dynamic, current** and **responsive** to anticipate and manage change in a meaningful and timely manner;
- F. be based on the **best available information** considering historical, current and future expectations as would be reasonably foreseeable;
- G. be the **responsibility of all**, from Council to the CEO to every employee, forming an essential element in the City's 'One Team' culture; and

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H. be *continually improved*.

2.3 The City will use the following elements of the Standard as the model for implementing and managing the risk management process within Council's business operations.

- **General**

The City will ensure the risk management process becomes an integral part of management, embedded in the culture and practices, and tailored to its business processes.

- **Communication and consultation**

The City will communicate and consult with external and internal stakeholders during all stages of the risk management process, and will address issues relating to the risk - its causes, its consequences (if known) and the measures being taken to treat it. This process will ensure accountability on the part of those implementing the risk management process.

- **Establish the scope, context and criteria**

By establishing the context, the City will articulate its risk objectives, consider the external and internal parameters, set the scope and criteria for the risk management process. This will be undertaken in full consideration of the need to justify the resources required to be used in carrying out risk management.

- **Risk identification**

The City will identify sources of risk, areas of impacts, events (including changes in circumstances) and their causes and potential consequences. The aim of this step is to generate a comprehensive list of risks based on those events that may create, enhance, prevent, degrade, accelerate or delay the achievement of the City's objectives.

- **Risk analysis**

The City will identify causes and sources of risk, the positive and negative consequences, and the likelihood of those consequences occurring. Existing controls, their effectiveness and efficiency, will also be considered. The analysis will identify the inherent risk level and residual risk level once controls and treatments have been applied.

- **Risk evaluation**

The City will compare the level of risk with the established context and criteria for the risk. Risk controls and treatment will then be considered. Such decisions will take into account the wider context including the risk tolerance thresholds of internal and external stakeholders that may be impacted by the risk. Decisions will be made in accordance with any legal requirements and obligations the City may have.

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- **Risk treatment**

The City will select the most appropriate and viable risk treatment option taking into consideration a number of factors including, the costs, expected benefit, legal obligations, economic viability, environment, social responsibilities and economic factors.

Risk treatments will maintain the City's risk exposure within Council's risk appetite thresholds. Any risks that exceed the residual risk level acceptable threshold will be reported to the CEO and Council for input and sign-off.

- **Monitoring and review**

The City will implement and integrate a 'monitor and review' process to report on achievements of the risk management objectives.

Treatment and action plans will also be monitored to ensure continual improvement of the City's performance. Monitoring and review will take place at all stages of the process and in compliance with legislative requirements.

- **Recording and reporting**

The City will ensure all risk management activities are accurately recorded and traceable. Results of the monitoring and review processes will be reported as appropriate through external and internal avenues including, but not limited to, quarterly reports to Audit and Risk and an annual report to Council. Reports will be used to assess and review the effectiveness of the risk management framework and identify specific areas of need.

- **Responsibility/Accountability**

The Chief Executive Officer is responsible for the allocation of roles, responsibilities and accountabilities. These are documented in the Risk Management Framework and Risk Management Procedure.

Risk management is everyone's responsibility:

- All employees are accountable for managing risk within their area of responsibility in accordance with the Risk Management Framework and Procedures.
- Audit and Risk Committee, in accordance with the Terms of Reference, is to monitor and receive reports concerning the development and implementation of the Risk Management Framework and support Council in fulfilling its governance and risk management oversight responsibilities.
- Executive Leadership and Management Team will be required to create an environment where managing risk is accepted as the personal responsibility of each member of the organisation, and integrated with planning and operational processes.
- Each Business Area will be accountable for the management of risks within their area of responsibility in ways that is consistent with the Risk Management Framework and Procedures.

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Responsible Directorate:	Corporate Services
Reviewer:	Director Corporate Services
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Amendments:	Minute G.15/9/09, 15 September 2009 Minute G.43/12/09, 15 December 2009 Minute G.35/2/15, 24 February 2015 Minute G.12/7/19, 23 July 2019 Minute G.11/6/20, 23 June 2020
Related Documentation and/or Legislation:	<i>Local Government Act 1995</i> <i>Local Government (Audit) Regulations 1996</i> <i>Occupational Safety and Health Act 1984</i> <i>Occupational Safety and Health Regulations 1996</i> <i>Health (Miscellaneous Provisions) Act 1911</i> <i>Health (Public Buildings) Regulations 1992</i> <i>AS ISO 31000:2018 – Risk Management – Guidelines.</i> The City of Mandurah Risk Management Framework 2020 Audit and Risk Committee Terms of Reference