

Risk Management Policy

Policy Type: Council Policy Policy Owner: Procurement & Risk CoordinatorRisk & Insurance Officer	Policy No. CP-099 Last Review Date: 19 June 2018 20 April 2021
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Policy Objectives

The objective of this policy is to implement and embed a consistent risk management culture within the City of Melville. This will be achieved through the key elements of:

- good governance;
- confident decision making and planning;
- enhancing outcomes and accountability;
- continuously reviewing the City's exposure to risks and opportunities; and
- promoting a risk aware culture.

Policy Scope

This policy applies to all employees of the City and unless otherwise specified, any other worker engaged under the direct management of the City (for example, contractors, consultants, agency resources, labour hire and volunteers).

Definitions

Risk means the effect of uncertainty on objectives. An effect is a deviation from the expected and can therefore be positive or negative.

Risk Management means coordinated activities to direct and control an organisation with regard to risk.

~~**Mitigation** means actions planned to be taken to reduce the likelihood or negative consequences or both associated with risk.~~ **Treatment** is the process of selection and implementation of measures to modify risk

Risk appetite means the amount and type of risk that an organisation is willing to pursue or retain.

Policy Statement

The City of Melville is committed to embedding a strategic, consistent and structured enterprise-wide approach to risk management that reflects the *Australian Standard on Risk Management AS/NZS ISO 31000:201809 – Risk Management – Principles and Guidelines*. The organisational context and tools supporting this Standard are the Risk Management Framework and the Risk Management System Procedure.

The context and tools are the foundations for risk management within the City. The City is committed to making the necessary resources available to assist those accountable and responsible for managing risk. The consistent application of these tools will make a positive contribution towards the achievement of the City's corporate aims and objectives and maximise the opportunities to achieve its vision.

The [Risk Management System Procedure](#) policy and Risk Management Framework will apply best practice to the identification, evaluation, control and [mitigation-treatment](#) of risks to acceptable risk tolerance levels and thus maximise risk opportunities in an effective manner. Reviews will be conducted biennially or in response to an event or change in circumstance.

[Tolerance/Risk Appetite](#)

[Tolerance/Risk appetite](#) ~~means-is~~ the amount and type of risk that an organisation is willing to pursue or retain. Once the risk appetite threshold has been breached, risk management controls and actions are required to bring the exposure level back within the accepted range.

The City will maintain a conservative approach to risk however, acknowledging that all risks cannot be avoided; the level of risk appetite that it tolerates is detailed in the table below:

Risk Rating	Minimum Treatment Required	Risk Acceptance Criteria
Extreme Risk	Reject and avoid or mitigate <u>Unacceptable</u>	Risk only acceptable with excellent controls and all treatment plans- to be explored and implemented, managed by ELT and subject to monthly monitoring <u>Immediate action required in consultation with the EMT to either avoid the risk entirely or to implement mitigations to reduce the risk to a low, medium or high rating.</u>
High Risk	Accept and mitigate <u>Treat</u>	Risk acceptable with excellent controls, managed by MLT and subject to quarterly monitoring. These risks need to be mitigated with actions as required and managers need to be assigned these risks
Medium Risk	Accept <u>and Monitor</u>	Risk acceptable with adequate controls, managed by specific procedures and subject to annual monitoring. Manage by specific monitoring or response procedures
Low Risk	Acceptable	Risk acceptable with adequate controls, managed by routine procedures. Manage by routine procedures

In line with its conservative attitude to risk, the City will not accept risks that carry a high or extreme residual risk of any of the following events or circumstances occurring:

- a significant negative effect on the City's financial sustainability;
- an interruption to essential services that extends for more than one week;
- substantial public embarrassment;
- compromised safety or welfare of elected members, staff, contractors or members of the community;
- damage to relationships with a majority of, or significant, stakeholders; and
- a significant breach of legislative requirements and/or successful litigation against the City.

Risk management involves coordinated activities integrated into the culture and values of an organisation to direct and control the organisation to maximise opportunities and minimise adverse effects. The City's focus is on the identification and analysis of risk with appropriate application of treatment strategies with insurance then being used to protect against financial loss when the realisation of a risk results in costs being incurred.

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Roles and Responsibilities

Specific responsibilities for risk management are:

- **Financial Management, Audit, Risk and Compliance Committee (FMARCC)**

Is responsible for:

- oversee the performance of the City's management of risk and assess the adequacy of the City's systems and processes for managing risk; and
- determine the appropriateness of the allocation of resources to ~~mitigate-treat~~ known exposures.

- **Chief Executive Officer (CEO)**

Is responsible for:

- determining the strategic direction and creating an environment for risk management to operate effectively;
- determining the City's risk appetite ~~and~~/tolerance levels;
- ensuring the risk management objectives are achieved;
- ensuring the availability of resources and information necessary to support the operation and monitoring of the risk processes including risk capability development; and
- reviewing and measuring the appropriateness and effectiveness of the City's systems and procedures in relation to risk management and support the implementation and resourcing of risk management process improvements;
- **providing the transfer of untreated risks to insurance policies.**

- **Executive ~~Management Leadership~~ Team (ELT)**

Is responsible for:

- implementing the City's risk management processes including risk identification, assessment and ~~treatment~~mitigation of risk in their respective directorates;
- maintaining the directorate and other relevant risk profiles; and
- ensuring all staff are aware of this policy and that relevant staff receive risk specific skills training to effectively implement risk management principles and processes.

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- **Operational Management Leadership Team (MLT)**

Is responsible for:

- reporting regularly on risks, which includes the level of risk, control measures and mitigation progress;
- determine risk mitigation-treatment strategies to address risks within their Service Areas;
- create an environment for the promotion of effective risk management practices and to ensure staff manage risk within their own area of responsibility;
- manage the implementation and integration of good risk management processes and structures within their own area of responsibility; and
- follow corporate processes and guidelines for the management of risk.

- **~~Procurement & Risk Coordinator~~Risk & Insurance Officer**

Is responsible for:

- providing specific advice and support for those employees responsible for managing risk and for specifying all risk management training with the City;
- supporting the development and implementation of risk management processes, ensuring a consistent approach is taken in the management of risk across the City;
- report quarterly to the FMARC~~Financial Management, Audit, Risk and Compliance Committee~~; and
- ~~institute the timely review of the policy.~~

- **Internal Audit**

Is responsible for:

- conducting periodic compliance reviews of the Risk Management Framework and this Risk Management Policy; and
- conducting periodic compliance reviews against specific risks in accordance with the approved annual Internal Audit Plan.

- **Employees, contractors, consultants, labour hire, volunteers and any other worker engaged under the direct management of the City**

Are responsible for:

- identifying and managing risk within their workplace.

[The roles and responsibilities are further defined in the Risk Management System Procedure SP-021.](#)

Other References that may be applicable to this Policy

Legislative Requirements:	N/A
Delegated Authority:	N/A
Plan / Policy / Framework:	Risk Management Framework
Procedure:	SP-021 Risk Management Procedure Health, Safety and Environment Risk Management Directorate Procedure
Work Instructions / Process Maps:	N/A

Forms / Supporting Documents (internal): [Risk Management Toolkit](#)N/A

Supporting Documents (external): ISO [AS/NZS 31000:2018](#) Risk [Management-management – Principles and Guidelines](#)

Origin / Authority	Date	Item
Community and Technical Services	01/11/2005	
Reviews		
Ordinary Meeting of the Council	21/08/2007	
Ordinary Meeting of the Council (changed from Council to Operational Policy)	15/12/2009	
Executive Management Team	27/06/2013	
Executive Management Team	16/09/2015	
Ordinary Meeting of Council	17/05/2016	C16/5484
Ordinary Meeting of Council	19/06/2018	C18/5617
Executive Leadership Team	07/10/2020	
Financial Management Audit Risk Compliance	08/03/2021	C20/5791
Ordinary Meeting of Council	20/04/2021	C20/5825