

## Risk Management Policy

<b>Policy Type: Council Policy</b> <b>Policy Owner: Procurement &amp; Risk Coordinator</b>	<b>Policy No. CP-099</b> <b>Last Review Date: 19 June 2018</b>
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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 / Abbreviations Used In Policy

**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.

**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 31000:2009 – 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 policy and Risk Management Framework will apply best practice to the identification, evaluation, control and mitigation 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.

### **Risk Appetite**

Risk appetite means 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:

<b>Risk Rating</b>	<b>Minimum Treatment Required</b>	<b>Description</b>
Low Risk	Accept	Manage by routine procedures
Medium Risk	Accept	Manage by specific monitoring or response procedures
High Risk	Accept and mitigate	These risks need to be mitigated with actions as required and managers need to be assigned these risks
Extreme Risk	Reject and avoid or mitigate	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

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.

### **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 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.
- **Executive Management Team**  
Is responsible for:
    - implementing the City's risk management processes including risk identification, assessment and mitigation of risk in their respective directorates;
    - maintaining the directorate and other relevant risk profiles; and
    - ensuring all staff are aware of the risk management policy and that relevant staff receive risk specific skills training to effectively implement risk management principles and processes.
- **Operational Management Team**  
Is responsible for:
    - reporting regularly on risks, which includes the level of risk, control measures and mitigation progress;
    - determine risk mitigation 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**  
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 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 the 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.

**Other References that may be applicable to this Policy**

Legislative Requirements:

Delegated Authority:

Plan / Policy / Framework: Risk Management Framework

Procedure: SP-021 Risk Management Procedure  
Health, Safety and Environment Risk Management

Work Instructions / Process Maps:

Forms / Supporting Documents (internal): Risk Management Toolkit

Supporting Documents (external): ISO AS/NZS 31000:2009 Risk Management – Principles and Guidelines

**Origin / Authority**

Community and Technical Services

**Date**

01/11/2005

**Item**

**Reviews**

Ordinary Meeting of the Council

21/08/2007

Ordinary Meeting of the Council

15/12/2009

(changed from Council to Operational Policy)

Executive Management Team

27/6/2013

Executive Management Team

16/9/2015

Ordinary Meeting of Council

17/05/2016

C16/5484

Ordinary Meeting of Council

19/06/2018

C18/5617