

**POLICY NO: 4.1.26**

**RISK MANAGEMENT**

**OBJECTIVES**

To ensure that sound Risk Management practices and procedures are fully integrated into the City of Vincent's strategic, operational and project planning processes and its day to day business practices.

**DEFINITIONS**

"*Risk*" means the effect of uncertainty on objectives.

"*Risk Management*" means co-ordinated activities to direct and control an organisation with regard to risk.

**POLICY STATEMENT**

The City of Vincent is committed to the implementation of an organisation-wide risk management approach to identify and manage risks and opportunities associated with the performance of the City of Vincent functions and the delivery of services.

The City will align with *AS/NZS ISO 31000:2009 Risk Management* in the management of risks that may affect the City, its customers, people, assets, functions, objectives, operations and members of the public.

Risk Management must be an integrated part of the City's strategic, operational and project management activities and will be incorporated within the City's plans and strategies.

Every employee, Council member, volunteer and contractor within the City is recognised as having a role in risk management.

The City will develop and implement effective Risk Management systems and processes that:

- Facilitate the achievement of the City's vision, strategies and objectives.
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Understand the level of risk versus return associated with the City's activities and ensure it aligns with the City's risk appetite.
- Embed appropriate and effective controls to mitigate risk.
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhance organisational resilience.
- Identify and provide for the continuity of critical operations.
- Ensure Risk Management becomes part of day to day management and processes.

## Australian Standard

Australian Standard AS/NZS ISO 31000:2009 Risk Management shall be used as the model for the implementation of the Risk Management Plan and processes within the organisation. The framework aims to balance a documented, structured and systematic approach with the time, resources and workload required to maintain it. The framework is summarised in the diagram below:

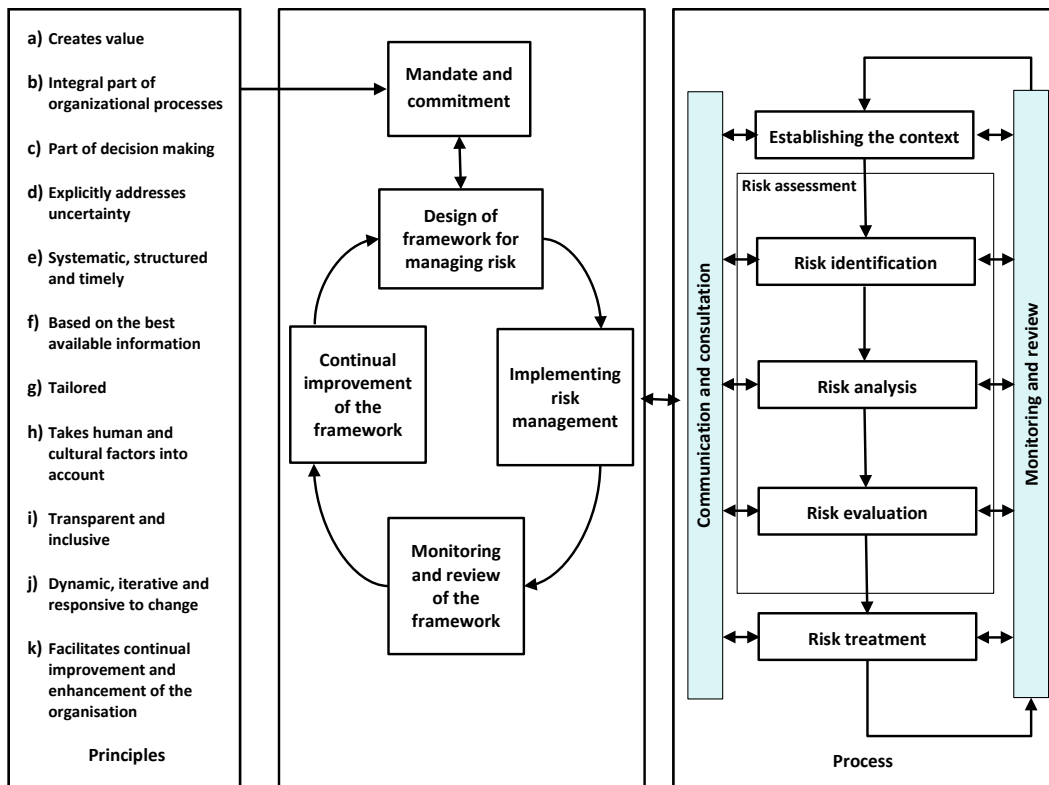


Figure 1: Risk Management Process (Source: AS/NZS 31000:2009)

## Risk Assessment and Acceptance

Risks should be assessed in the context of the actual circumstances that are in evidence at the point in time of the risk assessment and should include the effect of any risk treatments that are in place at that time.

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 to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisation's appetite and must be approved by the Manager Governance and Risk.

## ROLES AND RESPONSIBILITIES

Effective Risk Management relies on employees at all levels of the organisation taking responsibility for the management of risks. The various roles are set out below:

Council have a role to –

- Review and approve the City's Risk Management Policy and Risk Assessment & Acceptance Criteria.
- Review the appropriateness and effectiveness of the City's Risk Management systems and processes.

The Executive Management Team have a role to:

- Promote Risk Management as a vital business principle.
- Consider the allocation of funds for risk management requirements.
- Review the appropriateness and effectiveness of the City's Risk Management systems and processes.
- Analyse and discuss emerging risks, issues and trends.
- Take responsibility for the management of high and extreme risks.

All Leaders have a role to:

- Own, manage and report on risks within their areas or responsibility.
- Drive a Risk Management culture within work areas.
- Highlight any emerging risks or issues accordingly.

All employees, contractors and volunteers have a role to:

- Be familiar with, and competent in, the application of Risk Management principles.
- Identify and report risks.
- Be actively involved in managing risks within their sphere of work.
- Make time for Risk Management activities and be available for risk-related training and workshops as required.

Manager Governance and Risk has a role to:

- Oversee and facilitate the Risk Management Framework.
- Champion Risk Management within operational areas.
- Support reporting requirements for risk matters.
- Monitor KPI's for risk.

### **Monitor & Review**

The City will implement a monitoring and review process to report on the achievement of its Risk Management objectives, the management of individual risks and the ongoing identification of issues and trends.

This policy will reviewed at least every three years.

<b>Date Adopted:</b>	<b>8 February 2010</b>
<b>Date Amended:</b>	<b>17 October 2017</b>
<b>Date of Next Review:</b>	<b>17 October 2020</b>

## APPENDIX 1 - RISK ASSESSMENT AND ACCEPTANCE CRITERIA

### 1.1 Measures of Consequence (Organisational)

RATING	PEOPLE	INTERRUPTION TO SERVICE	REPUTATION	COMPLIANCE	PROPERTY	NATURAL ENVIRONMENT	FINANCIAL IMPACT
<b>Low (1)</b>	Minor impact on well-being but no injury	No material service interruption Less than 1 day	Unsubstantiated, low impact on community trust, low profile or no media item.	No noticeable regulatory or statutory impact	Inconsequential damage.	Contained, reversible impact managed by on site response	Less than \$10,000
<b>Minor (2)</b>	First Aid Treatment	Short term temporary interruption – backlog cleared < 1 week	Substantiated, low impact on community trust or low media item	Some temporary non compliances	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response	\$10,001 - \$50,000
<b>Moderate (3)</b>	Medical treatment / Lost time injury < 30 Days	Medium term temporary interruption – backlog cleared by additional resources < 1 month	Substantiated, public embarrassment, moderate impact on community trust or moderate media profile	Short to medium term non- compliance with significant regulatory requirements imposed	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies	\$50,001 to \$200,000
<b>Major (4)</b>	Lost time injury > 30 Days / temporary disability	Interruption of services > 1 month Or Interruption of core / essential services	Substantiated, public embarrassment, high impact on community trust, high media profile, third party action	Non-compliance results in termination of services or imposed penalties to City / Officers	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies	\$200,001 to \$500,000
<b>Extreme (5)</b>	Fatality, permanent disability	Prolonged interruption of core / essential services	Substantiated, public embarrassment, widespread loss of community trust, widespread multiple media profile, third party action	Non-compliance results in criminal charges or significant damages or penalties to City / Officers	Extensive damage requiring prolonged period of restitution  Complete loss of plant, equipment & building	Uncontained, irreversible impact	More than \$500,000

## 1.2 Measures of Consequence (Project)

LEVEL	RATING	Project TIME	Project COST	Project SCOPE / QUALITY
1	Low	Exceeds deadline by >10% of project timeline	Exceeds project budget by 10%	Minor variations to project scope or quality
2	Minor	Exceeds deadline by >20% of project timeline	Exceeds project budget by 20%	Scope creep requiring additional work, time or resources. Reduced perception of quality by Stakeholders.
3	Moderate	Exceeds deadline by >30% of project timeline	Exceeds project budget by 30%	Scope creep requiring additional work, time and resources or shortcuts being taken. Stakeholder concerns.
4	Major	Exceeds deadline by >40% of project timeline	Exceeds project budget by 40%	Project goals, deliverables, costs and/or deadline failures. Project no longer aligned with the project scope Stakeholder intervention in project.
5	Extreme	Exceeds deadline by 50% of project timeline	Exceeds project budget by 50%	Failure to meet project objectives. Project outcomes negatively affecting the community or the environment. Public embarrassment, third party actions.

## 1.3 Measures of Likelihood

Level	Rating	Description	Frequency
5	Almost Certain	The event is expected to occur in most circumstances	More than once per year
4	Likely	The event will probably occur in most circumstances	At least once per year
3	Possible	The event should occur at some time	At least once in 3 years
2	Unlikely	The event could occur at some time	At least once in 10 years
1	Rare	The event may only occur in exceptional circumstances	Less than once in 15 years

1.4 RISK MATRIX

Consequence Likelihood		Low	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

1.5 RISK ACCEPTANCE

Risk Rank	Description	Criteria	Responsibility
<b>LOW</b> (1-4)	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Leader
<b>MEDIUM</b> (5-9)	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Manager
<b>HIGH</b> (10-16)	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	CEO / Director
<b>EXTREME</b> (17-25)	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO + Council

**APPENDIX 2 – DOCUMENT STRUCTURE (FRAMEWORK)**

The following diagram depicts the relationship between the Risk Management Policy, procedures, supporting documentation and reports.

