

## **RISK MANAGEMENT COUNCIL POLICY**

### **POLICY STATEMENT**

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To provide guidance regarding the management of risk to support the achievement of strategic and operational objectives, protect staff and assets and ensure financial sustainability.

### **POLICY SCOPE**

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This policy applies to: City of Bunbury staff.

### **POLICY DETAILS**

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As a local government the City of Bunbury strives to meet the needs of current and future generations through integration of environmental protection, social advancement and economic prosperity. The management of risk within the City will help Council plan, provide, and deliver a wide and diverse range of services to its residents and visitors.

Council is committed to ensuring:

- a) That risk management is an integral party of City of Bunbury planning and decision making processes;
- b) There is a consistent approach to managing risks across the City of Bunbury;
- c) Clear roles and responsibilities are defined;
- d) All staff with risk management roles and responsibilities are provided with the necessary authority to undertake these responsibilities
- e) There is accountability assigned to all those with risk management responsibilities
- f) The necessary resources are allocated in support of the policy outcomes
- g) Communication within the City of Bunbury's stakeholder community in relation to the identification and management of risk is promoted and encouraged.

This Policy provides the over-arching guidance for the City of Bunbury Risk Management Framework. It is supported by:

- a) City of Bunbury Risk Management Strategy
- b) City of Bunbury Risk Management Plan
- c) City of Bunbury Corporate Guideline Occupational Safety and Health
- d) City of Bunbury Corporate Guideline Internal Control
- e) City of Bunbury Corporate Guideline Legislative Compliance.

In accordance with the City of Bunbury Risk Management Framework:

- a) The City of Bunbury Executive Leadership and Management Team must lead, actively participate and have complete oversight over all aspects of risk management within their areas of responsibility;
- b) The criteria to be used for risk assessments are those detailed in the City of Bunbury Risk Management Plan, which supersedes any risk criteria that have been developed previously;
- c) All City of Bunbury risks are to be recorded and updated within the City of Bunbury's risk register;
- d) All risk registers are to be periodically and consistently reviewed in accordance with the timeframes specified in the City of Bunbury Risk Management Plan;
- e) Risks are to be reported to the Audit Committee quarterly.
- f) The CEO will conduct a review of the City's risk management systems and report to the Audit Committee on its effectiveness and appropriateness, at least every 2 years.

The development and implementation of the Risk Management Framework will contribute significantly to the effective governance of the City of Bunbury. The visibility of risks will provide the Council and Executive Leadership Team with a detailed understanding of our risk profile and will assist greatly in decision making.

## COMPLIANCE REQUIREMENTS

### LEGISLATION

- *Standard AS/NZS ISO 31000:2009 Risk Management - Principles and Guidelines*
- *Local Government Act 1995*
- *Local Government (Audit) Regulations 1996*

### INDUSTRY

### ORGANISATIONAL

- *City of Bunbury Risk Management Strategy*
- *City of Bunbury Risk Management Plan*

Document Control					
<b>Document Responsibilities:</b>					
<b>Owner:</b>	Chief Executive Officer	<b>Owner Business Unit:</b>	Manager Governance		
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<a href="#">CP-024909 v 2.0</a>	Res 352/1717 September 2017 –	Amended Policy and updated matrix			
<a href="#">CP-024909 v1.0</a>	Res 232/1612 July 2016 –	Amendment to policy and inclusion of matrix			
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- *Corporate Guideline Occupational Safety and Health*
- *Corporate Guideline Internal Control*
- *Corporate Guideline Legislative Compliance*
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Category/Critical Success Factor	CONSEQUENCE					
	Insignificant	Minor	Moderate	Significant	Severe	
<b>Guidance</b> * Use this matrix for all risk management (this includes decision-making at all levels, projects and planning activities). * For further guidance or assistance with your risk management activities, please contact the Governance Team. * More information on how to perform a risk assessment may be found in the Risk Management Plan (available from the Governance Team and on the intranet).	Governance/Legal	Negligible breach of regulation, legislation, policy, or process that are detected early, does not require reporting. Contract – insignificant legal issues or non-compliance, with no effect on contract performance	Minor regulatory/legislation breaches with potential minor fines which does not require reporting to regulators. Contract – Communication between both parties exposing minor concern with supply of goods/services, easily rectified.	Regulatory/legislation breaches causing internal investigation/report to authority and prosecution and moderate fines. Contract – Ongoing contractual issues which may become a substantial breach	Breach of regulation or legislation resulting in external investigation or third party actions resulting in litigation. Contract – Termination of contract for default by either party	Regulatory/legislation breaches causing very serious litigation, including major class action. Contract – Claim for damages or loss of profit/reputation as a result of termination
	Service Delivery/ interruption	Negligible impact on the effectiveness of the City's processes and/o any backlog cleared in <2 hrs	Brief disruption of important service area, noticeable effect to non-critical service area and/or backlog cleared in 3hrs-1day	Major effect to an important service area for a short period, brief impact on multiple areas and/or backlog cleared within 1 day-2weeks	Complete loss of an important service area for a short period and/or issue resolved within 3-4 weeks	Major loss including several important areas of service and/or for a protracted period > 4 weeks
	Reputation/Publicity	Minor unsubstantiated publicity or damage to reputation to a small audience, complaint from individual/small group - gossip, limited social media exposure	Minor damage to reputation to a small audience, complaint from a large group of people – mainstream media, social media seen by local community	Damage to reputation to a specific audience, may not have significant long-term or community effects – State wide mainstream media, social media item taken up by people outside City	Local publicity of a major and persistent nature, affecting the perception/standing within the community – Australia wide mainstream media, social media item taken up by large number of people outside City	Substantial damage to public confidence leading to sustained compromise in the achievement of objectives, public embarrassment, high widespread multiple news profile, likely to lead to the dismissal of Council/Councillors, or staff – World Wide mainstream media, widespread social media item taken up by vast numbers of people outside City
	Environment	Negligible impacts affecting one site; disturbance to individual native plants.  Potential breach of state environmental law – negotiated/no management of issue	Localised impacts; resolvable; small scale clearing of bushland; small scale discharge of pollutants to waterways (10s to 100s of L).  Breach of state environmental law – no litigation, warning issued by state, negotiated management of issue	Localised impacts; generally resolvable; significant discharge of pollutants to waterways (1,000s of L); clearing of 10s of hectares of bushland.  Breach of state environmental law – litigation	Widespread and/or acute impacts; may or may not be entirely resolvable; significant impact on listed threatened species; clearing of a large amount of bushland (100s of hectares).  Breach of federal environmental law - litigation without jail time for perpetrator	Widespread and/or acute impacts; not resolvable; highly significant impact on listed threatened species  Breach of federal environmental law – litigation with jail time for perpetrator
	Assets	Damage where repairs are required however facility / infrastructure / network / hardware is still operational	Minor loss/damage, repairs required <2% of asset value	Short to medium term loss of key assets, infrastructure and/or IT network/hardware 2%-5% of asset value	Widespread, short to medium term loss of key assets, infrastructure and/or IT network/hardware 5%-15% of asset value	Widespread, long term loss of substantial key assets, infrastructure and IT network/hardware >15% of asset value
	Financial	Less than \$10,000  Project deviation <2% from budget	\$10,000-\$50,000  Project deviation 2%-5% from budget	\$50,000-\$1M  Project deviation 5-14% from budget	\$1M-\$M  Project deviation 15-20%	Greater than \$M  Project deviation >20% from budget
	People & Safety	Some isolated staff dissatisfaction.	General staff morale problems and increase in turnover.	Widespread staff morale problems and high turnover including key organisation roles.	High turnover of experience/key staff, City not perceived as employer of choice.	Key positions unable to be filled.
		Minor injuries, first aid treatment may be needed. Full recovery 1- 3 days.	Reversible injury or disability which requires medical treatment. Full recovery 1-3 weeks.	Serious reversible injury or disability requiring ongoing medical treatment or hospitalisation and/or lost time. Full recovery 1-6 months.	Single fatality and/or multiple irreversible disabilities.	Multiple fatalities and significant irreversible disabilities.

Likelihood	Timeframes and Corporate History			RISK RATING				
	Timeframe	Has it happened at COB in the last 5 years?	Has it happened at other organisations in the last 5 years?	Low	Medium	High	Extreme	Extreme
ALMOST CERTAIN	Expected to occur in most circumstances or occurs regularly - multiple times per year or incident is clearly imminent	regularly	regularly or multiple times at other organisations	Low	Medium	High	Extreme	Extreme
LIKELY	Happens fairly regularly, probably occurs once every year	several times	Once at multiple organisations	Low	Medium	High	High	Extreme
POSSIBLE	Occurs occasionally or may occur every 5 years	a few times	multiple times at one other organisation	Low	Medium	Medium	High	High
UNLIKELY	Occurs infrequently or is not likely to occur - maybe once in five to ten years	once	once at one other organisation	Low	Low	Medium	Medium	High
RARE	Only occurs in exceptional circumstances, once every 10 years or greater	Never	Never	Low	Low	Low	Medium	Medium

Authority for the acceptance of risk above the target level				
Critical Success Factor	Low	Medium	High	Extreme
Governance/Legal		•	Department Manager	ELT/CEO
Service Delivery/Interruption		•	Department Manager	ELT/CEO
Reputation/Publicity		•	Department Manager	ELT/CEO
Environment	•		Department Manager	Director
Assets		•	Department Manager	ELT/CEO
Financial		•	Department Manager	ELT/CEO
People/Safety	•		Department Manager	Director

