

Integrated Risk Management Plan

March 2019



**shire of
kalamunda**

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Introduction

Intent

Risk Management is a core component of corporate governance and an integral part of contemporary management practices. The aim of the plan is to ensure that the City makes informed decisions in terms of its strategies and operations ensuring that risks and opportunities are appropriately considered.

Purpose

The Risk Management Plan identifies the manner in which the City manages risk to ensure that strategic, operational and project objectives are met. The Risk Management Plan identifies the process, systems and templates used by the City to manage risk. The Risk Management Plan is structured around AS/NZS/ISO 31000:2009, and the requirements under the *Local Government (Audit) Regulations 1996*.

What is Risk Management?

A risk is defined as the effect of uncertainty (either positive or negative) on business objectives.

Risk management is the coordination of activities that directs and controls the organisation with regard to risks. It is commonly accepted that risk management involves both the management of potentially adverse effects as well as the realisation of potential opportunities.

In performing daily activities, risk management can be described as the collection of deliberate actions and activities carried out at all levels to identify, understand and manage risk in order to achieve the objectives of the City.

Benefits of Risk Management

The benefits of risk management embedded in all aspects of management are:

- effective management of adverse events or opportunities that impact on our purpose and objectives
- ability to make informed decisions regarding management of potential negative effects of risk and take potential advantage of opportunities
- improved planning and performance management processes enabling a strong focus on core business service delivery and implementation of business improvements
- ability to direct resources to risks of greatest significance or impact
- improvement in culture of the organisation enhancing staff capacity to understand their role in contributing to the achievement of objectives
- greater organisational efficiencies

Goals of the Plan

The Plan aims to:

- integrate risk management within the City's performance management cycle
- communicate the benefits of risk management

- convey the City's policy, approach and attitude to risk management
- set the scope and application of risk management within the organisation
- establish the roles and responsibilities for managing risk
- set out a consistent approach for managing risk across the organisation, aligned with relevant standards and industry best practice
- detail the process for escalating and reporting risk
- convey the City's commitment to the periodic review and verification of the Risk Management Plan and its continual improvement
- describe the resources available to assist those with accountability or responsibility for managing risks
- ensures the City meets its risk reporting obligations
- manages the identifiable business risks relevant to financial reporting
- whether the risk is a risk of fraud
- whether the risk is related to recent significant economic, accounting or other developments and therefore requires special attention
- the complexity of transactions
- whether the risk involves significant transactions with related parties

Principles Underpinning the Plan

The Australian Standard for Risk Management – Principles and guidelines (AS/NZ ISO 31000:2009) is based on 11 best practice principles. These principles underpin the Plan and guide how to effectively and efficiently manage risk at all levels.

1. **Creating and protecting value** – risk management contributes to the achievement of the City's objectives and improves performance in areas such as corporate governance, program and project management, and employee health and safety.
2. **An integral part of all organisational processes** – risk management is not a stand-alone activity performed in isolation. Rather, it is an integral part of our governance and accountability framework, performance management, planning and reporting processes.
3. **Part of decision making** – risk management aids decision-makers to make informed choices, prioritise activities and identify the most effective and efficient course of action.
4. **Explicitly addressing uncertainty** – risk management identifies the nature of uncertainty and how it can be addressed through a range of mechanisms, such as sourcing risk assessment information and implementing risk controls.
5. **Systemic, structural and well timed** – risk management contributes to efficiency and to consistent, comparable and reliable results.
6. **Based on the best available information** – risk management should draw on diverse resources of historic data, expert judgement and stakeholder feedback to make evidence-based decisions. As decision-makers, we should be cognisant of the limitations of data, modelling and divergence amongst experts.
7. **Tailored** – risk management aligns with the internal and external environment within which the City operates, and in the context of its risk profile.
8. **Human and cultural factors** – risk management recognises that the capabilities, perceptions and aims of people (internal and external) can aid or hinder the achievement of objectives.
9. **Transparent and inclusive** – risk management requires appropriate and timely involvement of stakeholders to ensure that it stays relevant and up to date. Involving stakeholders in decision making processes enables diverse views to be taken into account when determining risk criteria.

- 10. Dynamic, interactive and responsiveness to change** – risk management responds swiftly to both internal and external events, changes in the environmental context and knowledge, results of monitoring and reviewing activities, new risks that emerge and others that change or disappear.
- 11. Continual improvement of the organisation** – risk management facilitates continuous improvement of our operation by developing and implementing strategies to improve risk management maturity.

Legislative Framework

Risk Management Policy

Intent:

The City of Kalamunda is committed to organisation-wide risk management principles, systems and processes that ensure consistent, efficient, and effective assessment of risk in all planning, decision making and operational processes. This will ensure compliance with the Financial Reporting, Budgeting and Integrated Planning requirements of the *Local Government Act (1995)*, *Local Government (Financial Management) Regulations 1996* and the *Local Government (Audit) Regulations 1996*.

The *Local Government (Audit) Regulations 1996* includes a review by the Chief Executive Officer on the appropriateness and effectiveness of the local governments systems in regard to risk management, internal control and legislative compliance, and reporting the results to the Audit and Risk Committee for consideration of that review, to the Council.

Definition of Risk:

AS/NZS ISO 31000:2009 defines risk as “the effect of uncertainty on objectives.”

- A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative, or a deviation from the expected. An objective may be financial, related to health and safety, or defined in other terms.
- Definition of Risk Management: the application of coordinated activities to direct and control an organisation with regard to risk.

In simplest terms, a risk can be defined as “If this happens, this is the impact on the City”. It requires both an action (or inaction) and an assessment of the impact of this upon the City. Undertaking this process then allows proper Risk Mitigation to be developed.

Principles – Framework - Process

The City of Kalamunda considers risk management to be an essential management function in its operations. They recognise that the risk management responsibility for managing specific risks lies with the person who has the responsibility for the function, service or activity that gives rise to that risk. The City is committed to the principles, framework and process of managing risk as outlined in AS/NZS ISO 31000:2009.

The City of Kalamunda will manage risks continuously using a process involving the identification, analysis, evaluation, treatment, monitoring and review of risks. It will be applied

to decision making through all levels of the organisation in relation to planning or executing any function, service or activity.

In particular it will be applied to:

- Strategic and operational planning
- Expenditure of large amounts of money
- New strategies and procedures
- Management of projects, tenders and proposals
- Introducing significant change
- The management of sensitive issues.
- The achievement of organisational goals and objectives.
- Compliance with Local Government Act (1995), Local Government (Audit) Regulations 1996
- The ongoing health and safety of all employees at the workplace
- Ensuring public safety within the Council's jurisdiction is not compromised
- Limited loss or damage to property and other assets
- Limited interruption to business continuity
- Positive public perception of Council and the City
- Application of equal opportunity principles in the workforce and the community

Responsibilities

- Executive, managers and supervisors have the responsibility and accountability for ensuring that all staff are managing the risks within their own work areas. In each of these areas, risks should be anticipated and reasonable protective measures taken.
- All managers will encourage openness and honesty in the reporting and escalation of risks.
- All staff will be encouraged to alert management to the risks that exist within their area, without fear of recrimination.
- All staff will, after appropriate training, adopt the principles of risk management and comply with all policies, procedures and practices relating to risk management.
- All staff and employees will, as required, conduct risk assessments during the performance of their daily duties. The level of sophistication of the risk assessment will be commensurate with the scope of the task and the associated level of risk identified.
- Failure by staff to observe lawful directions from supervisors regarding the management of risks and/or failure of staff to take reasonable care in identifying and treating risks in the workplace may result in disciplinary action.
- It is the responsibility of every department to observe and implement this policy in accordance with procedures and initiatives that are developed by management from time to time.
- It is the responsibility of the auditor to obtain an understanding of the local government and its environment, including its internal control, sufficient to identify and assess risks of material misstatement of the financial statements whether due to fraud or error.
- Council is committed morally and financially to the concept and resourcing of risk management.

Monitor and review

The Organisation will implement a robust reporting and recording system that will be regularly monitored to ensure closeout of risks and identification of ongoing issues and trends.

Risk management key performance indicators, relating to both organisational and personal performance will be developed, implemented and monitored, by the City’s Executive and Council as appropriate

Signed: Name
 Date / / Chief Executive Officer
 Review Date / /

This policy is to remain in force until otherwise determined by Council.

Legislation

- Section 5.56(1) and (2) of the *Local Government Act 1995*- Planning for the Future; Regulation 17(1) (a) of the *Local Government (Audit) Regulations*: "The CEO is to review the appropriateness and effectiveness of a local government’s system and procedures in relation to risk management”.
- Under regulation 17 (1) of the *Local Government (Audit) Regulations 1996* the CEO is to review the appropriateness and effectiveness of a local government’s system and procedures in relation to –
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.

17 (2) the review may relate to any or all of the matters referred to in sub regulation (1) (a),(b) and (c), but each of those matters is to be the subject at least once every 2 calendar years.

17 (3) The CEO is to report to the audit committee the results of that review.

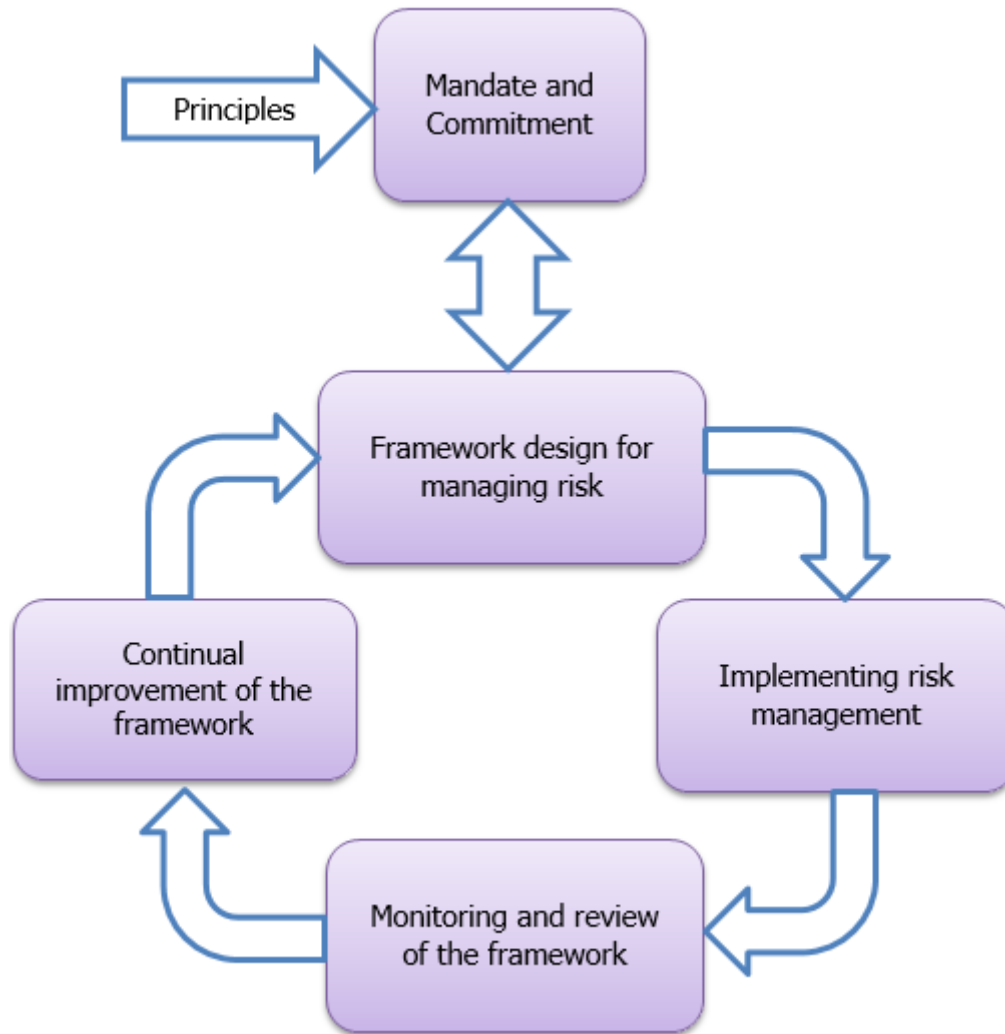
Australian/New Zealand Standard

- Alignment with the Australian/New Zealand Standard ISO 31000:2009 Risk management – Principles and guidelines (AS/NZS ISO 31000).

A Framework for Managing Risk

Risk management should be implemented by ensuring that the risk management process is applied to all relevant levels and functions of the organisation as part of its practices and processes (principles and guidelines (AS/NZS ISO 31000:2009)).

Risk Management requires strong and sustained commitment by management of the organisation as well as strategic and rigorous planning to achieve commitments at all levels (Risk management – principles and guidelines (AS/NZS ISO 31000:2009)).



Mandate and Commitment

The introduction of risk management and ensuring its ongoing effectiveness require strong and sustained commitment by management of the organisation, as well as strategic and rigorous planning to achieve commitment at all levels. Management should:

- define and endorse the risk management policy;
- ensure that the organisation's culture and risk management policy are aligned;
- determine risk management performance indicators that align with performance indicators of the organisation;
- align risk management objectives with the strategies of the organisation;
- ensure legal and regulatory compliance

Framework Design for Managing Risk

The component of a framework for managing risk includes:

- An understanding of the organisation and its context
- Establishing a risk management policy
- Accountability
- Integration into organisational processes
- Resources

- Establishing internal communication and reporting mechanisms
- Establishing external communication and reporting mechanisms



Risk Governance and Accountabilities

Risk management is part of the City’s strategy to promote accountability through good governance and robust business practices, which contributes to the strategic objective of creating a sustainable organisation to manage resources effectively in order to strengthen service delivery.

The City is committed to embedding risk management principles and practices into its organisational culture, governance and accountability arrangements, planning, information technology, engineering, community services, reporting, performance reviews, business transformation and improvement processes.

Through the framework and its supporting processes, the City formally establishes and communicates its risk appetite, guiding staff in their actions and ability to manage risk.

The City has a low appetite for risks relating to:

- health, safety and the wellbeing of staff and the community
- administration of finances and assets
- legislative compliance

There is a potentially higher appetite where benefits created by innovative concepts and ideas outweigh the risks. Benefits may include improved service delivery, and/ or increases efficiencies and effectiveness of the City’s operations.

In accordance with the Framework, each business unit and directorate will communicate their appetite for risk as part of the risk assessment process.

To position the City as a risk-aware, responsive and resilient organisation, its risk management approach is directed through:

- compliance with relevant legislation, policies and procedures
- alignment with standards and better practice guides to soundly support decision making and continuous improvement or risk management practices

Effective risk management is modelled by:

- leadership demonstrated by the Chief Executive Officer and the executive management team
- staff in all work contexts through their identification, analysis, evaluation, treatment, monitoring and review of risks that may impact in achieving the City objectives

The scope of responsibility and accountability for risk management is the business of everyone. The success of the City’s risk management strategy relies on all staff enacting the risk management approach outlined in this framework. There is however, a natural need for persons to be identified as responsible and accountable for ensuring that risks are being properly managed.

Risks would be defined using the principles described above and then assigned a category as Low, Medium, High or Extreme (as per the Risk Matrix described later). The following table sets out the level of the City that is responsible for developing and implementing risk mitigation for each risk category and the level of the City that oversees this process:

Risk Level	Level accountable for mitigating the risk	Level accountable for oversight (review)
Low	Coordinator	Manager
Medium	Manager	Director
High	Director	Executive Management Team
Extreme	CEO and Executive Management Team	Council

Structures

The Chief Executive Officer (CEO) – under legislation the CEO is required to review the appropriateness and effectiveness of a local governments systems and procedures in relation to risk management, internal control and legislative compliance at least once in every two years and report to the audit and risk committee the results of that review.

Audit and Risk Committee – each local government is to establish an audit and risk committee made up of at least three or more persons with the majority to be elected members. It has an oversight role on all matters that relate to audits including the appointment of the external auditor and review of reports from the CEO, external auditor and internal auditor. The audit and risk committee supports Council in its endeavours to provide

effective corporate governance and fulfil its responsibilities in relation to controlling and directing the affairs of the City.

External Auditor – is the person appointed by the local government under the Local Government Act 1995 to undertake the audit of the accounts and financial report for each financial year. An audit report and management report is then issued to the Audit and Risk Committee.

Internal Auditor – is a person appointed by a local government to undertake an audit of the adequacy and effectiveness of the internal control, legislative compliance, accounting systems and procedures, review of policies, procedures and risk management in accordance with an audit plan. The internal auditor is to report his findings to the CEO, and as directed by the CEO, to the Audit and Risk Committee.

Risk Hierarchy

The levels of risks can be identified at different levels depending on what activity is being assessed. These include:

Strategic Level Risks

Strategic Level risks are associated with achieving the long term objectives of the City. These risks can be of an internal or external nature and they are usually controlled by Council and/or the Executive Management Team.

In the context of integrated Planning and Reporting, Strategic Level Risks may include:

- Risks associated with achieving the objectives of the Strategic Community Plan:
 - Effective engagement with the community
 - Equity in involvement
 - Transparency of process
 - Integration of informing strategies
 - Organisational acceptance of Strategic Community Plan
- Risks associated with delivering the Corporate Business Plan:
 - Impact of new assets on changes to services
 - Aligning service delivery to meet organisational objectives
 - Resourcing and sustainability
 - Alignment of local government structures and operations to support achievement of objectives.

Operational Level Risks

Operational Level risks are associated with developing the operational plans, functions or activities of the local government. These risks have day to day impacts on the City and are owned and managed by the person who has responsibility for the activity to the level of delegated authority or capability.

In the context of Integrated Planning and reporting, Operational risk may include:

- Risks associated with delivery of the Long Term Financial Plan
- Risks associated with the development or delivery of the Asset Management Plan

- Risks associated with the delivery of the Workforce Plan:

Project Level Risks

Project level risks are associated with developing or delivering projects or discreet activities. Project risks should be managed at each stage of the project by the person who has responsibility for them.

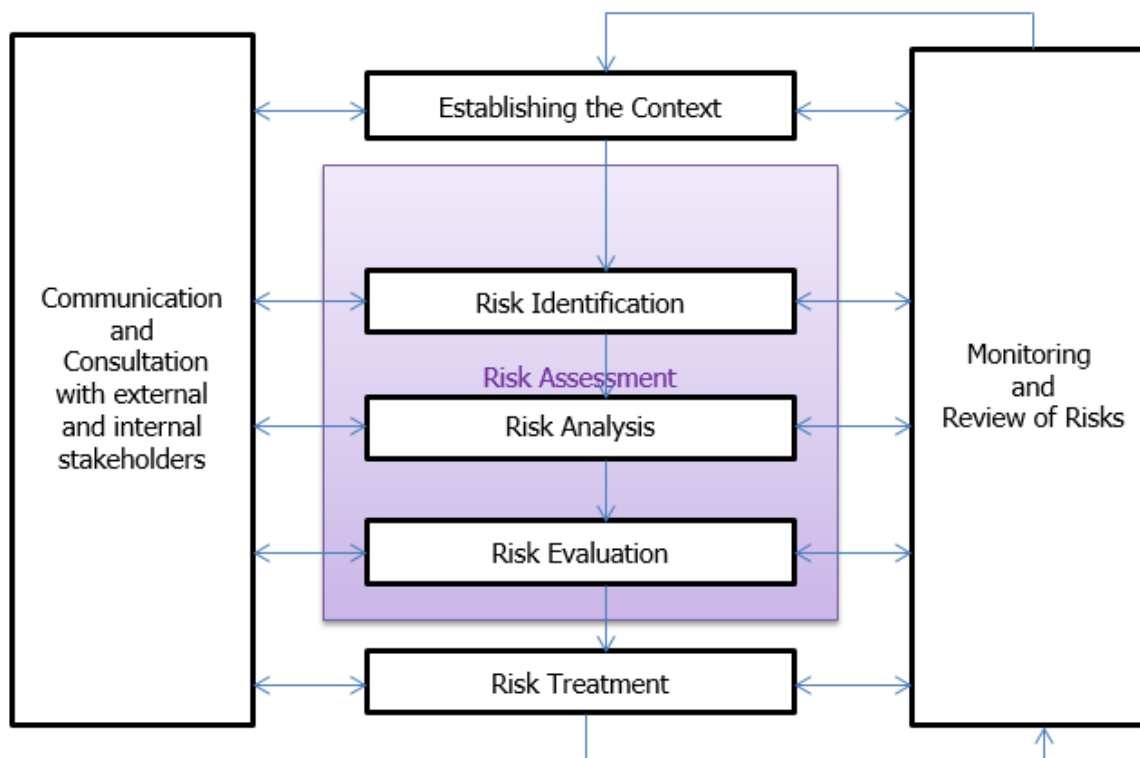
Implementing the Risk Management Plan

Risk management should be implemented by ensuring that the risk management process is applied to all relevant levels and functions of the organisation as part of its practices and processes (principles and guidelines (AS/NZS ISO 31000:2009)).

Risk System

Risk Management Process

The risk management process should be an integral part of management, embedded in the culture and tailored to the business process of the City. The risk management process is shown in the following diagram (AS/NZ 31000:2009)



Communication and Consultation

Communication and consultation with external and internal stakeholders must take place throughout the risk management process. Therefore plans for communication and consultation must be developed at an early stage. This will ensure that issues relating to the

risk itself, its causes, its consequences (if known), and the measures being taken to treat or address them are managed.

It is an essential element of risk management as it helps stakeholders understand the basis on which decisions are made, and the reasoning behind particular actions.

Transparent clear communications throughout the process will help meet the obligations on local government for accountability and transparency.

Consulting with all stakeholders using a planned consultation process helps identify and address risks through improved understanding and backed by proper documentation.

Establishing the Context

By establishing the context, the City articulates its objectives, defines the external and internal parameters to be taken into account when managing risk, and sets the scope and risk criteria for the remaining process. While many of these parameters are similar to those considered in the design of the risk management framework, when establishing the context for the risk management process, they need to be considered in greater detail and particularly how they relate to the scope of the particular risk management process.

Risk Assessment

Risk assessment is the overall process of risk identification, risk analysis and risk evaluation. It includes the following components:

- Establishing the context
- Identification of the risk
- Analysing the level of risk and establishing whether it meets acceptable levels of tolerance
- Evaluating the risk in relation to the benefits it may provide
- Consideration on whether there are ways to mitigate risk and the treatment of risk.

Risk Identification

The City will identify sources of risk, areas of impact, events including changes in circumstances) and their causes and their potential consequences. The aim of this step is to generate a comprehensive list of risks based on those events that might create, enhance, prevent, degrade, accelerate or delay the achievements of those objectives. It is also important to identify any risks associated with not pursuing an opportunity.

The techniques used to identify risks associated with the development, transition and operation of the City include:

Activity	Detail / timeframe	Participants
Strategic risk assessment as part of the decision making process	In planning processes and phased implementation timelines	Council, Executive and key stakeholders
Corporate risk analysis	In annual planning cycle and at key review points	Council, Executive and key stakeholders
Operational risk analysis	Agenda item on all regular Council, project, committee and staff team meetings	All relevant Elected Members and Officers
Internal and external Emergency management	As required	Executive, relevant staff and LEMC
Business Continuity	Ongoing with regular review	All relevant Elected Members and Staff
Review of current risk treatments and assessment of future organisational and project plans in relation to risk	Annually and as relevant	All relevant Elected Members and Officers
Incident / Issue reporting, investigation and review	When reported and monthly	All relevant staff and stakeholders
Feedback processes	Ongoing	All relevant staff and key stakeholders

Risk Assessment Categories

- Financial
- Health
- Reputation
- Operation
- Environment
- Compliance
- Project

Risk Analysis

Risk analysis involves developing an understanding of risk. Risk analysis provides an input to risk evaluation and informs decisions on whether risks need to be treated, and on the most appropriate risk treatment strategies and methods. Risk analysis can also provide an input into making decisions where choices must be made and the options involve different types and levels of risk.

Risk Evaluation

The purpose of risk evaluation is to assist in making decisions, based on the outcomes of risk analysis, about which risks need treatment and the priority for treatment implementation.

Risk evaluation involves comparing the level of risk found during the analysis process with risk criteria established when the context was considered. Based on this comparison, the need for treatment can be considered.

The City has a low appetite for risks relating to:

- health, safety and the wellbeing of staff and the community
- administration of finances and assets
- legislative compliance

There is a potentially higher appetite where benefits created by innovative concepts and ideas outweigh the risks. Benefits may include improved service delivery, and/ or increases efficiencies and effectiveness of the City's operations.

Risk should be evaluated on the basis of materiality consideration to other matters including:

- financial
- health and safety
- reputation
- operation
- environment
- compliance
- project

The following chart provides examples to assist in the evaluation process in establishing whether risks are considered to be:

- **insignificant** – immaterial and less than a \$10,000 financial impact, a minor breach of policy and will result in no health, safety or reputational impacts of the City
- **moderate** – financial effect of between \$10,000 and \$100,000, may result in minor injury and low reputational impact but can be contained within the City
- **significant** – financial impact of between \$100,000 and \$500,000, may result in moderate reputational impact, compliance breach requiring internal investigation
- **major** – financial impact of between \$500,000 and \$1 million, resulting in serious injury, substantial reputational damage, compliance breach requiring external investigation
- **critical** – financial impact greater than \$1 million, potential fatality or permanent disability widespread reputational damage, significant compliance breach

Risk Matrix

CITY OF KALAMUNDA RISK MATRIX 2019

								LIKELIHOOD				
								< once in 15years	At least once in 10 years	At least once in 3 years	At least once per year	More than once per year
CONSEQUENCE								May occur, only in exceptional circumstances	Could occur at some time	Should occur at some time	Will probably occur in most circumstances	Expected to occur in most circumstances
Financial	Health & Safety	Reputation	Operation	Environment	Compliance	Project	Severity	Rare E	Unlikely D	Possible C	Likely B	Almost Certain A
>\$1M	Fatality or permanent disabling injuries or illness	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Non-achievement of major deliverables	Major breach of legislation or extensive contamination and environmental damage requiring third party intervention	Breach resulting in external investigation or third party actions resulting in significant tangible loss and damage to reputation	>50% increase in cost or timeline, or inability to meet project objectives requiring the project to be abandoned or redeveloped	Critical	Medium	High	High	Extreme	Extreme
\$500,000 - \$1M	Serious irreversible injuries or illness	Substantiated, organisational embarrassment, high impact news profile, third party actions	Non-achievement of major deliverables	Minor Breach of legislation / significant contamination or damage requiring third party assistance	Breach resulting in external investigation or third party actions resulting in tangible loss and some damage to reputation	20 – 50 % increase in time or cost or significant variation to scope or objective requiring restructure of project and Senior Management or Council approval	Major	Low	Medium	High	Extreme	Extreme
\$100,000 - \$500,000	Injuries or illness that could lead to a Lost Time Injury	Substantiated, public embarrassment, moderate impact, moderate news profile	Significant delays to major deliverables	Environmental damage requiring restitution or internal clean up	Breach requiring internal investigation, treatment or moderate damage control	10 -20 % increase in time or cost or variation to scope or objective requiring Senior Management approval	Significant	Low	Medium	High	High	High

\$10,000 - \$100,000	Medical treatment injury or illness	Substantiated, low impact, low news item	Inconvenient delays	Minor damage or contamination	Breach of policy, process or legislative requirement requiring attention of minimal damage control	5-10% increase in time or cost or variation to scope or objective requiring managers approval	Moderate	Low	Low	Medium	Medium	High
< \$10,000	First aid treatment injury or illness	Unsubstantiated, low impact, low profile or "no news" item	Little impact	Little impact	Minor breach of policy, or process requiring approval or variance	Small variation to cost, timelines, scope or quality of objectives and required outcomes	Insignificant	Low	Low	Low	Low	Medium

Risk Appetite and Tolerance

Given that local governments have limited resources, it is important to focus on the key risks. The risk management methodology outlined below has been adapted from the Australian /New Zealand Standard on Risk Management (AS/NZ ISO 31000:2009) to provide a structured approach for the City. This methodology will assist in the risk management process with particular emphasis on the following:

- Identifying the key risks facing the organisation
- Assessing whether the associated internal controls are effective
- Identifying whether further controls may be required

Step 1: Identify Risks

The first step is to identify the key risks facing the City. The purpose of the risk identification stage is to consider those events that may affect the City's ability to achieve its objectives and goals. It is important that careful attention is paid to this step because potential risks not identified during this stage are likely to be excluded from further analysis.

Step 2: Analyse Risks

Following identification of the risks, each risk is assessed in terms of the causes and consequences of each risk event. Following this, identified risks are assessed in terms of how likely the event is to occur (likelihood) and the possible magnitude (consequences of each risk).

Step 3: Risk Evaluation

The next step is to identify the existing preventative and mitigating controls that are currently in place for each risk event. This provides for a residual risk level. Following this risk tolerance is assessed determining whether the risk is to be accepted or further actions are required in order to manage the risk.

If the risk tolerance decision is not accepted or is subject to further action, target risk ratings are to be completed to determine a new target residual risk level.

Step 4: Risk Treatment

The final step is to treat risks and control activities with the implementation of any action plans to correct deficiencies. It is also appropriate to identify the further controls that should be implemented to ensure the risks are being managed at an acceptable level. Consistent with the accountability principles of a robust corporate governance environment, each additional control to be implemented should be assigned to a nominated responsible officer.

Risk Treatment

When a risk has been assessed there are a number of options available including:

- Not undertake or continue with an activity
- Increase the risk to pursue an opportunity
- Remove the source of the risk
- Change the likelihood of the risk
- Share the risk with another party such as insurers
- Retain the risk and ensure it is continually monitored.

Monitoring and Review of Risk

An essential element of the risk management process is the monitoring and review of risk. This may be by internal audit review of process and internal controls depending on the nature of the process.

Tools – Risk Registers

The risk register enables staff to document, manage, monitor, review and update strategic, corporate and operational risk information. Maintaining and updating the risk register allows management to monitor and review risks in alignment with the strategic plan, divisional operational plans, programs of change and other related plans.

Risk Reporting

As there is no one single risk report that meets the decision making needs of the City, risk reports are tailored by the accountable area and summarised using the preferred templates to support management decision during the planning and review processes, and in support of reports to Council.

Tools for Building Risk Capability

A range of guides and publications are available to build staff awareness and develop skills by enabling staff to proactively manage risk. This increased awareness and understanding provides staff with greater self-confidence and willingness to take responsibility for the management of risk across their business unit directorate.

Recommended guides and publications include:

- Risk Management Resources – Department of Local Government March 2013
- Section 7 of the Western Australian Local Government Accounting Manual – Department of Local Government
- AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines by Standards Australia
- International Standard on Auditing 315 – Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement

Monitoring and Review

- Review risk management performance against objectives
- Review risk management IT system (CAMMS Module)
- Review organisational risk management culture
- Include review of the risk registers in strategic and operational planning and budgeting.
- Include Risk Management in all new business ventures and activities
- Include Risk Management as part of purchasing process.
- Include risk management in annual performance appraisals
- Conduct annual risk management internal audit
- Look for continuous improvement opportunities
- Review if the Integrated Organisational Risk Management Plan used as reference and orientation document

- Review if risk management accountabilities and responsibilities are included in position descriptions and KPIs.
- Review if hazard management processes aligned for both OSH and all organisational risks

KPIs and Performance Measures

The Key Performance Indicators (KPI's) for Risk Management are in development. Currently the Risk Management KPI measures the number of identified risks not mitigated.

Monitoring, Review and Continual Improvement of the Framework

The monitoring and review will be a planned part of the risk management process and involve regular checking and surveillance. Strategic risks should be reviewed six monthly by the Executive. Project risks should be reviewed on an ongoing basis and operational risk should be reviewed by each Directorate six monthly.

Responsibilities for monitoring and review should be carried out periodically and clearly defined. The review process should encompass all aspects of the risk management process.

The main aim of the monitoring and review process is to:

- Ensure key controls remain efficient and effective within the City
- Provide early identification of changes in the risk context or risk assessment which may require revision of the risk treatment
- Identify any new or emerging risk due to changes in circumstances including new technology, new personnel, corporate restructuring, new business models, changes in operating environment, new accounting pronouncements and legislative changes
- Review risks due to changes in legislation and procedures
- Independent investigations and reports with adverse findings requiring steps to be taken in relation to risk and processes.

Appendix

A. Risk Register

B. Example of Completed Template for Inclusion in Reports to Council on Risk Management

A: Risk Register

RISK IDENTIFICATION				RISK ANALYSIS				RISK RATING								RISK TREATMENT ACTION PLAN						
ID No.	Objective	Risk Description	Risk Owner	Causes	Consequences	Existing Preventative Controls	Existing Mitigating Controls	Current Risk Rating				Risk Tolerance Decision	Target Risk Rating				Treatment Action	Responsible Person	Due Date	Action Status	Follow Up date	Risk Action Status
								Consequence	Likelihood	Current Residual Risk Level	Rating Basis/ Scenario		Consequence	Likelihood	Target Residual Risk Level	Rating Basis/ Scenario						

B: Example of Completed template for inclusion in Reports to Council on Risk Management

B Example of Risk management Considerations for Inclusion in Reports to Council

RISK	CONSEQUENCE	LIKELIHOOD	RISK RATING	ACTION/STRATEGY
1. Planning amendments not supported in a timely fashion leading to delays in achieving growth targets	Insignificant	Unlikely	Low	Ensure the WA Planning Commission is fully briefed on the planning merits of this proposal

