

CITY OF
CANADA BAY

ENTERPRISE RISK MANAGEMENT POLICY

Date of adoption: 9 April 2019

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Introduction

Council is committed to create a risk management culture throughout the organisation, where all staff are actively involved in the management of risk and they recognise and accept that risk management is every employee's responsibility and is to be applied to all aspects of their duties.

Council recognises that quality results can only come from fostering and maintaining ownership of risk management at all levels within the organisation. This is not a separate and distinct function but rather an essential element of the whole. Risk arises in all aspects of Council's operations and at all stages within the life cycle of those operations. It can represent both opportunity and threat, and must therefore be managed appropriately.

The Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000:2018) – defines risk management as the “effect of uncertainty on objectives”.

Risk management involves establishing an appropriate risk management framework and culture, and applying logical and systematic risk management processes to all stages in the life cycle of any activity, function or operation. By minimising losses and maximising gains, risk management enables the City of Canada Bay to best meet its organisational and strategic objectives.

Objectives of the Policy

The objectives of this policy is to:

- Outline the key elements of Council's Enterprise Risk Management Framework
- Identify Council's Risk Appetite
- Set the roles and responsibilities for managing risk for all staff
- Outline the procedure for managing risk

Policy Statement

The City of Canada Bay commits to being proactive in the management of risk through its enterprise risk management framework which consists of:-

- The Enterprise Risk Management Policy
- The Enterprise Risk Management Strategic Plan
- The Risk Register and Risk Appetite Statements
- The Business Continuity Plan
- The Risk Assessment Procedure (Attachment A)

Council recognises the importance of a risk framework to strengthen its capacity to effectively identify, understand and take advantage of both opportunities and challenges that present in this space.

Council recognises that unmitigated risks can adversely impact its ability to achieve both its strategic and operational objectives. As such, Council is committed to a holistic, consistent and systematic approach to risk management to ensure that risks are identified, understood, communicated, monitored and controlled.

Councils approach to Enterprise Risk Management (ERM) is consistent with the *Australian/ New Zealand Risk Management Standard AS/NZS31000:2018* and the *Local Government Act 1993*.

Strategic Plan

Council’s Enterprise Risk Management Strategic Plan is a comprehensive document outlining Council’s Enterprise Risk Management Goals and the actions required to achieve these goals, and when these actions will be completed.

Risk Register

Council’s Risk Register outlines Council’s Strategic and Operational risks and aligns Council’s objectives with the risk mitigations required to ensure Council’s objectives are met.

Risk Appetite

For risk appetite statements to be effective as a tool to enhance decision-making they need to be accompanied by relevant, quantitative risk tolerances that provide robust indication of how the organisation is performing against each category’s appetite.

Risk Appetite Scale

<p style="text-align: center;">AVOID (little-to-no-appetite) 1</p> <p>Avoidance of risk and uncertainty is key to achieving objectives</p>	<p style="text-align: center;">AVERSE (small appetite) 2</p> <p>Prefer safe options with little risk of adverse exposure</p>	<p style="text-align: center;">ACCEPT (medium appetite) 3</p> <p>Consider all options and choose most likely for successful delivery with reasonable degree of protection</p>	<p style="text-align: center;">RECEPTIVE (large appetite) 4</p> <p>Will engage with risks and opportunities when the potential benefit is great</p>

The table below, provides a summary of Canada Bay Council’s risk appetite position across their identified risk categories. Each category has at least one shaded cell, which represents the general appetite position. Some categories contain multiple shaded cells, which is indicative of a willingness to adjust the appetite in certain circumstances.

Summary Risk Appetite positions

Canada Bay Council Risk Appetites				
Category	Avoid	Averse	Accept	Receptive
Community & Civic Leadership				General
Financial Sustainability		General		
IT Infrastructure & Systems			General	
People Management				General
Service Delivery	General			
Asset Management		General		
Corporate Governance, Compliance & Regulatory	General			
Environmental Influences				General
Projects (General)		General		
Work Health & Safety	General			

Canada Bay Risk Appetite Statements

Community and Civic Leadership

Appetite – Receptive

As a general position Council is willing to be Receptive to risk relating to activities that may prove to be politically challenging in undertaking their Community and Civic Leadership role. In the pursuit of this type of risk Council will consider all options for the successful delivery of operations while ensuring a reasonable degree of due diligence.

Financial Sustainability

Appetite – Averse to Accept

As a general position Council has an Averse risk appetite with relation to significant financial decisions which may negatively impact on council's financial sustainability, and will to take safe options to limit risk exposures.

Council, however, is willing to Accept risk to general financial activity and the finance related delivery of the Operational Plan, and will consider all options and choose the most likely for successful delivery with a high degree of protection.

IT Infrastructure & Systems

Appetite – Accept to Averse

As a general position Council is willing to Accept risk relating to the resilience of its IT infrastructure and support systems. Council does, however, have an Averse risk appetite where Council's IT Infrastructure and system's security and robustness is compromised. Council will consider all options with regard to risk in this area and choose the most likely for successful delivery with a high degree of protection.

People Management

Appetite – Receptive to Accept

As a general position Council is willing to be Receptive to risk in regard to people management matters. This position allows Council to consider all opportunities available to develop framework and systems to ensure a well-trained, qualified, flexible and agile workforce. Council will however, in some situations, adopt an Accept appetite to risk and will consider all options and choose the most likely for successful delivery with a reasonable degree of protection.

Service Delivery

Appetite – Avoid to Averse

Council will seek to Avoid risk and uncertainty relating to operational situations that would adversely impact delivery of services to the community. Council will endeavour to avoid any circumstances which may result in any disruption to services to the community. Council may, however, be Averse to some risk in this area where minor disruption for short periods will provide long-term benefits that outweigh the consequences.

Infrastructure Management

Appetite – Averse to Accept

As a general position Council has an Averse risk appetite to taking on risk relating to the effective management of assets or infrastructure. Council, however, is willing to Accept some risk in the management of assets if the potential opportunities and long term benefits are great, but will be addressed with a degree of risk protection.

Corporate Governance, Compliance & Regulatory

Appetite – Avoid

Council has an Avoid risk appetite for taking on risk relating to corporate governance, compliance & regulatory matters, including the efficient and effective direction and operation of the organisation; ethical, responsible and transparent

decision making; corruption, fraud; procedural/policy, legal and legislative compliance. Whilst understanding that operations must continue, Council prefers to engage with safe options that will avoid potential adverse risk exposure.

Environmental Influences

Appetite – Receptive to Accept

Council will be receptive to risk in relation to high value environmental projects and consider all opportunities available in the management of the environment. However, Council may need to adopt an Accept position in this area where successful delivery is achievable with a reasonable degree of protection.

Projects (General)

Appetite – Averse to Accept

As a general position Council has an Averse risk appetite with relation to significant projects which may negatively impact on council's asset/infrastructure management and financial sustainability. Council will endeavour to take safe options to limit risk exposures. Council, however, is willing to Accept some risk relating to projects where the ongoing benefits to the community outweigh the potential negative risk impacts. Council will always consider all options and choose the most likely for successful delivery with a reasonable degree of protection.

This is Council's general risk appetite position relating to projects but each project will need to be assessed on a project by project basis.

Work Health & Safety

Appetite – Avoid

Council will seek to Avoid risk (and has no appetite for risk) and uncertainty with regard to Risks relating to accident, injury or illness to Council staff, Councillors, contractors, visitors or members of the public.

Roles and Responsibilities

Elected Representatives

Responsible for the adoption and commitment to the Enterprise Risk Management Policy

General Manager

Responsible for the implementation and effective operation of the Enterprise Risk Management Framework, and responding to and reporting on significant risks that may arise from time to time.

Leadership Team

Responsible for-

- Promoting and supporting risk management practices throughout Council and enhancing the organisational culture by encouraging a risk management mindset in all employees
- Providing a safe and healthy working environment for all employees, members of the public, and all those involved in Council activities and facilities
- Communicating this Policy and provide appropriate education, information and training in risk management to all staff, contractors and volunteers
- Ensure the systematic identification, evaluation, reporting and recording of potential risks and proactively manage the impact of risk on Council operations

Operational Managers, Co-ordinators and Team Leaders

Responsible for the implementation and maintenance of the enterprise risk management processes within their departments in accordance with Council's Enterprise Risk Management Framework, and to ensure staff understand their responsibilities regarding risk management.

Risk Management Officer

Responsible for the provision of advice, training and assistance to management and staff in all risk management matters, and the administration of Council's risk management functions.

Staff

Responsible for compliance with Council's Enterprise Risk Management Policy

Performance Review

This policy is to be approved by Council and to be reviewed by the Leadership Team every two (2) years, to ensure ongoing reviews of its risk management strategy to ensure its continued suitability and effectiveness. All records of such reviews are to be maintained and registered in Council's Document Management Systems.

Risk Assessments undertaken and progress on the Strategic Plan will be reported to the Leadership Team on a six monthly basis.

Attachment A

Risk Management Procedure

There is a specific procedure to follow when it comes to performing a risk assessment. The overall process can be itemised as follows:-

- **Identification** – perform a brainstorming session where all conceivable risks are itemised
- **Planning** – once defined, plan for contingencies as part of the overall project plan; implement controls as needed
- **Derive Safeguards** – place specific 'fall backs' into the overall project plan as contingencies for risks if they arise
- **Monitor** – Continuously monitor the project to determine if any defined (or unexpected) risks manifest themselves

Managing the Risk

Being aware of what the risks are, will dictate how effective each risk management option might be.

- **Accept the Risk** – this means that while you have identified the risk and logged it in your risk assessment, you take no action, as you are accepting that it might happen.
- **Avoid the Risk** – change your plans completely to avoid the risk – eg. Capital projects due to start in season when it's known rain usually occurs daily; change the time to start the project
- **Reduce the Risk** – limit the impact of the risk, so that if it does occur, the problem it creates is smaller and easier to fix – eg. Raised footpaths creating possible trip hazard – repair the raised area so as to ensure no one trips

The responsible person must assess the risk of harm to the health or safety of workers or third parties arising from any hazard identified and reported.

The assessment shall determine how likely it is that someone could be harmed, how serious the injury or illness could be and, with the use of the 'risk matrix' (attachment B), determine how dangerous the risk hazard is and how important it is to do something to control the hazard.

The responsible person must ensure that a risk assessment is conducted to identify hazards:

- Immediately prior to commencing a project/works
- While work is being carried out.
- When new or additions are made to the project/works

Review Assessment and Control Measures

All responsible people shall ensure that any risk assessment and control measures are reviewed whenever:

- There is evidence that the risk assessment is no longer valid.
- An employee or third party is harmed from exposure to a hazard that the assessment relates.
- A significant change is proposed in the work method or work environment to which the assessment relates;
- At least annually.

The Risk Officer will train relevant staff in the risk assessment procedure and will review each risk assessment at an appropriate time during any project.

RISK ASSESSMENT FORM



Activity / Assessment Details

Activity:	<input type="text"/>	Section/Department:	<input type="text"/>	Undertaken By:	<input type="text"/>
Date:	<input type="text"/>	Date of Assessment:	<input type="text"/>	Review Date:	<input type="text"/>
Location:	<input type="text"/>				

Equipment / Plant Required

Describe all equipment/plant to be used

Qualifications / Certificates

Qualifications/Certificates of Competency/ Training Experience Required to Carry out/ Complete Task or Activity

Legislation

Relevant Legislation/Codes of Practice/Standards

Risk Assessment


Please refer to the Risk Matrix located on page 3 to ascertain the Risk Rating. The Risk Ratings are to be agreed to in consultation with relevant staff from the area concerned.

Identified Hazards (List all known hazards)	Identified Risks	Risk Category	Inherent Risk Rating	Risk Control Measures (List all control measures)	Residual Risk Rating
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Consultation

Name:	<input type="text"/>	Name:	<input type="text"/>	Name:	<input type="text"/>	Name:	<input type="text"/>
Signature:	<input type="text"/>	Signature:	<input type="text"/>	Signature:	<input type="text"/>	Signature:	<input type="text"/>
Date:	<input type="text"/>	Date:	<input type="text"/>	Date:	<input type="text"/>	Date:	<input type="text"/>

Attachment B

 RISK MATRIX								Likelihood					
								Project	Will not happen	Likely to occur in less than 1-in-10 projects of this kind.	Likely to occur between 1-in-4 and 1-in-10 projects of this kind	Likely to occur between 1-in-2 and 1-in-4 projects of this kind.	Predicted to occur in more than 1-in-2 projects of this kind.
Consequence								Ongoing Program	Less than once every 50 years	May occur once every 50 years	May occur once every 10 years	May occur once per year	May occur more than once per year
								Historical	Unheard of in the industry	Has occurred once or twice in the industry	Has occurred several times in the industry	Has occurred many times in the industry	Occurs regularly in the industry
Business Activities Community Environmental Finance/Property IT Liability/Legal Reputation WHS								WHS	Could happen, but probably never will	Could happen, but very rarely	Could happen sometimes	Could happen at any time	Expected to occur in most circumstances involving normal operations
Extensive impact/disruption to business activities. Threat to viability of program or service	Civil commotion and riot. One or more major industry within the region threatened.	Fatalities occur; extensive release off-site; external emergency services involved; long term remediation required.	Extensive financial loss; excess of \$1 million or >50% of program/project value. Loss of program or business operation.	Extensive and total loss of functions across the organisation. Disaster management required.	Extensive litigation/fines with possible class action; worst case loss to organisation. Extensive financial loss; indictable offences.	Extensive public outcry. Potential national media attention. Loss of State Government support with scathing criticism and removal of the Council.	Death, permanent disability or disease	Catastrophic	Medium (8)	High (16)	Extreme (20)	Extreme (23)	Extreme (25)
Major impact to business activities with long term significance.	Public protestation and dislocation. Potential for significant harm to sectors of the community. Damage to relationships and loss of support.	Major environmental impact; release spreading off-site; contained with external assistance	Major financial loss; \$500,001 - \$1 million or 25% - 50% of program/project value. Critical loss or event requiring replacement of property or infrastructure.	Loss of critical functions across multiple areas of the organisation; long term outage. Extensive management required with external resources.	Major complaint with litigation/fines and long term significance. Very high loss to organisation. Long term significance and major financial impact.	Serious public outcry. State media attention and long term loss of support from community	Extreme injury, long term illness	Major	Medium (7)	Medium (12)	High (17)	Extreme (21)	Extreme (24)
Significant impact on business activities involving investigation.	Considerable disruption or inconvenience to sectors of the community. Group of businesses within the community put at risk	Significant environmental impact; on-site release contained with assistance.	Significant financial loss; \$50,001 - \$500,000 or 15% - 25% of program/project value. Considerable impact on program or business operations.	Significant downtime or outage in multiple areas of the organisation. Substantial management required with Council resources.	Significant claim or breach involving statutory authority and investigation. Prosecution possible with significant financial impact	Significant public criticism with or without media attention. Short to mid-term loss of support from community	Medical attention required; several days off work	Moderate	Low (4)	Medium (10)	High (15)	High (18)	Extreme (22)
Contained impact on business activities of short term significance.	Some inconvenience to the community. Inconvenience to a group of businesses in the community.	Minor environmental impact; on-site release immediately contained with Council resources	Minor financial loss; \$10,001 - \$50,000 or 10% - 15% of program/project value. Short term impact, mostly repairable through normal operations.	Minor downtime or outage in single area of organisation. Addressed with local management and resources.	Contained complaint or action with short term significance. Moderate loss to organisation. Some impact on normal operations.	Heightened local community concerns and criticism manageable through good public relations	First aid required	Minor	Low (2)	Low (5)	Medium (11)	High (13)	High (19)
Isolated; internal or minimal impact on business activities.	None to minimal impact. Primary acceptance and approval exists.	Minimal environmental impact; isolated release only; managed through normal operations.	Negligible financial loss; less than \$10,000 or <10% of program/project value. Short term impact; repairable through normal operations.	No measureable operational impact to Council.	Isolated, internal or minimal complaint. Minimal loss to organisation.	Isolated, internal or minimal attention or complaint.	Minor injury, no first aid required	Insignificant	Low (1)	Low (3)	Low (6)	Medium (9)	High (14)

RISK ASSESSMENT FORM RISK TOLERANCE AND WHS CONTROL HIERARCHY



Risk Tolerance Levels (WHS/Safety only)	
Risk Rating	Risk Treatment
Extreme 20-25	Activities must be suspended immediately until hazard can be eliminated or controlled or reduced to a lower level.
High 13-19	Hazards are unacceptable and must be eliminated or controlled in accordance with the Hierarchy of Hazard Control.
Medium 7-12	No real or significant hazard exists. Controls required to increase the comfort level of the public.
Low 1-6	No real or significant hazard exists. Controls are not required but may increase the comfort level of the public.

Risk Tolerance Levels (All other risks)	
Risk Rating	Risk Treatment
Extreme 20-25	Activities must be suspended immediately until risks can be eliminated or controlled or reduced to a lower level. Report risk to your manager or director, and contact Risk Management Officer for advice. Risk Management Committee to be advised.
High 13-19	Risks are considered significant. Ensure all controls identified are in place and review processes regularly. Contact Risk Management Officer for advice.
Medium 7-12	Risks are considered acceptable. Ensure all controls identified are in place and schedule regular review.
Low 1-6	No significant risks exist. Ensure controls are in place and monitor progress.



Hierarchy of WHS Hazard Control Measures

WHS risks should be controlled using the following measures beginning at Level 1. A combination of measures may be used.

Level 1	Eliminate the hazards
Level 2	Substitute the hazard with something safer Isolate the hazard from people Reduce the risks through engineering controls
Level 3	Reduce exposure to the hazard using administrative controls Use personal protective equipment

