

Council Policy – Risk & Opportunity Management

POLICY STATEMENT

1. This policy confirms the City of Albany's commitment to adopting a strategic, consistent and structured approach to risk management in order to achieve an appropriate balance between realising opportunities for gains and mitigating losses. It upholds the International Standard on Risk Management (ISO 31000) which provides the overall framework for risk management.
2. Council recognises that risk management is an integral part of all Council activities.
3. Council is committed to effective risk and opportunity management to:
 - a. improve its ability to deliver community priorities, service delivery and outcomes for the City of Albany;
 - b. maximise opportunities and minimise the impact and likelihood of risk;
 - c. protect its employees, assets, liabilities and its community by avoiding or mitigating losses; and
 - d. provide greater certainty for our employees, residents, stakeholders and the community in which we operate by understanding and managing our risks.

OBJECTIVE

4. Seek to:
 - a. ensure that as far as reasonably practicable, City of Albany operations do not place people, property, or the environment at unacceptable levels of risk or harm;
 - b. add value to all the activities of the City of Albany;
 - c. assist in achieving the Council's goals and deliver programs and services within a tolerable level of risk;
 - d. embed risk and opportunity management into all management activities, critical business systems and processes; and
 - e. ensure all risks are consistently assessed and managed within the City of Albany's Enterprise Risk Management Framework.

SCOPE

Roles and Responsibilities

5. Risk Management falls on all levels of the organisation including Council, the Executive Management Team (EMT), staff and persons who perform functions or deliver services on behalf of the City.
 - a. **Council** is responsible for ensuring that Council strategy and operations are managed within an effective risk management framework.
 - b. The **Audit & Risk Committee**, working with the Executive Management is responsible for reviewing:
 - (i) the risk management framework.
 - (ii) the risk exposure of Council and recommending to Council the level of risk tolerance.

Chief Executive Officer & Delegated Officers

6. The Chief Executive Officer and delegated officers are accountable for the implementation and maintenance of risk management policies and processes across the organisation. They are ultimately responsible for ensuring that strategic risks are regularly reviewed.
7. All staff, including volunteers are responsible for applying risk management practices in their area of work and ensuring that all staff are aware of all types of risks associated with City of Albany operations and escalating where necessary.
8. Under delegation from the Chief Executive Officer:
 - a. Each member of the Executive Management Team (EMT) is accountable for implementing the risk management practices in their area of responsibility. This includes ensuring that risks are identified, managed, reviewed and updated regularly.
 - b. Managers, Team Leaders, staff and volunteers are responsible for the implementation of risk management practices within their particular areas of responsibility. They are responsible for reviewing and updating their allocated risks.
 - c. The Manager Governance & Risk Management is responsible for overseeing the development, facilitation and implementation of a risk management culture, framework and strategy, including training and awareness across the organisation.

Monitoring, evaluation and review

9. To effectively implement this policy, an Enterprise Risk Management (ERM) Framework as the principal guiding document has been adopted.
10. The ERM Framework details how risk is managed at the City of Albany.
11. Risk assessment will be carried out using the risk management process detailed in the Standard.
12. **Internal Auditing.** An annual internal auditing program is to be established which will test the controls set in place by each directorate and be assessed against the key performance indicators set by the EMT.
13. **External Auditing.** Any external auditing will be undertaken routinely, in accordance with the *Local Government (Financial Management) Regulations 1996*.

Training and continuous improvement

14. Education and further professional development in the areas of risk management will be supported.
15. Persons who perform functions or deliver services on behalf of the City Staff are:
 - a. required to attend risk management induction;
 - b. required to attend regular refresher training; and
 - c. expected to participate and contribute to the outcomes of training.

Consultation and Communication

16. Effective and open communication and consultation with internal and external stakeholders during all stages of the risk management process is crucial, as each stakeholder will have a varying perception of risk and their decisions will be based on this.
17. A consultation and communication process will be developed which will encompass all levels of the organisation to ensure stakeholders impacted by decisions have had sufficient chance to comment and provide feedback prior to implementation.

LEGISLATIVE AND STRATEGIC CONTEXT

18. There is no legislative provision that specifically requires Councils to implement risk management. However there are references within *the Local Government Act 1995* (“the Act”) that require Councils to adopt appropriate policies, practices and procedures that ensure their assets are protected through sound administrative management.
19. In addition, each Council’s Audit Committee is responsible for ‘reviewing the adequacy of accounting, internal control, reporting and other financial management systems and practices of the Council on a regular basis.
20. Specifically, under Regulation 17 of the *Local Government (Audit) Regulations 1996* it is a responsibility of the Audit & Risk Committee to receive the CEO reviews conducted on the appropriateness of systems and procedures in relation to risk management, internal control and legislative compliance.

REVIEW POSITION AND DATE

- This policy and framework is to be reviewed by the Document Owner annually.

ASSOCIATED DOCUMENTS

- Risk Management Standard [AS/NZS ISO 31000:2009](#)

DEFINITIONS

Term	Meaning
Risk	The effect of uncertainty on objectives.
Likelihood	The chance/probability/frequency of an event occurring.
Consequence	The outcome of an event.
Risk analysis	The systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.
Risk Treatment	The provision of policies, standards and procedures or actions to eliminate or minimise adverse risks.
Residual Risk	The remaining level of risk after risk treatment.
Risk Tolerance	The level of risk/residual risk that the City of Albany is willing to accept for every day work, projects or events.
Strategic Risk	Strategic risks are risks that could affect the achievement of the organisations vision and strategic objectives.
Operational Risk	Operational risks are those which could impact on the organisations effectiveness and efficiency.
Risk Management	<p>Risk management is the term applied to a logical and systematic method of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process in a way that will enable organisations to minimise losses and maximise opportunities.</p> <p>Risk management should be based on the Australian Standard AS/NZS ISO 31 000: Risk Management – Principles and Guidelines (“the Standard”). The Standard defines risk as “the effect of uncertainty on objectives.” Risk management is defined as “co-ordinated activities to direct and control an organisation with regard to risk.”</p> <p>Simply defined as: “culture, processes and structures directed towards realising potential opportunities whilst managing adverse effects”.</p>
	<p>Risk & Opportunity Management in a project context:</p> <ul style="list-style-type: none"> • Risk Management: Risk management can be described as the process of proactively working with stakeholders to minimise the risks and maximise the opportunity associated with project decisions. • Opportunity Management: Opportunity management is the process that converts the chance to decisiveness and is increasingly becoming embedded in the culture of organisations as they mature and broaden their understanding of the value that managing uncertainty can bring. For positive risk or opportunity management to be effective in creating or protecting value it must be an integral part of the management processes, be embedded in the culture and practices of the organisation, be tailored to the business process of the organisation, and comply with the risk management principles outlined in ISO 31000.

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Manager Governance & Risk Management		Executive Director Corporate Services	
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