



Integrated Risk Management Plan

August 2022



Integrated Risk Management Plan

Contents

Contents2

Introduction4

 Intent4

 Purpose4

 What is Risk Management?.....4

 Benefits of Risk Management4

 Goals of the Plan5

 Principles Underpinning the Plan5

Legislative Framework.....7

 Risk Management Policy.....7

 Principles – Framework - Process7

 Responsibilities8

 Monitor and review9

 Legislation9

 Australian/New Zealand Standard10

A Framework for Managing Risk.....10

 Mandate and Commitment.....11

 Framework Design for Managing Risk11

 Risk Governance and Accountabilities11

 Structures13

 Risk Hierarchy14

 Strategic Level Risks14

 Operational Level Risks14

 Project Level Risks14

Implementing the Risk Management Plan.....15

 Risk System15

 Risk Management Process15

 Communication and Consultation15

 Establishing the Context16

 Risk Assessment16

 Risk Identification.....16

 Risk Assessment Categories17

Integrated Risk Management Plan

| | |
|--|-----------|
| Risk Analysis..... | 17 |
| Risk Evaluation..... | 18 |
| Risk Treatment | 19 |
| Risk Matrix | 20 |
| Risk Appetite Summary..... | 21 |
| Risk Appetite and Tolerance | 22 |
| Monitoring and Review | 23 |
| KPIs and Performance Measures | 23 |
| Monitoring, Reviewing and Continual Improvement of the Framework..... | 24 |
| Appendix..... | 24 |
| A: Example of Completed template for inclusion in Reports to Council on Risk Management..... | 25 |

Integrated Risk Management Plan

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

Integrated Risk Management Plan

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.

Integrated Risk Management Plan

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.

Integrated Risk Management Plan

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.

Integrated Risk Management Plan

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.

Integrated Risk Management Plan

- 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.

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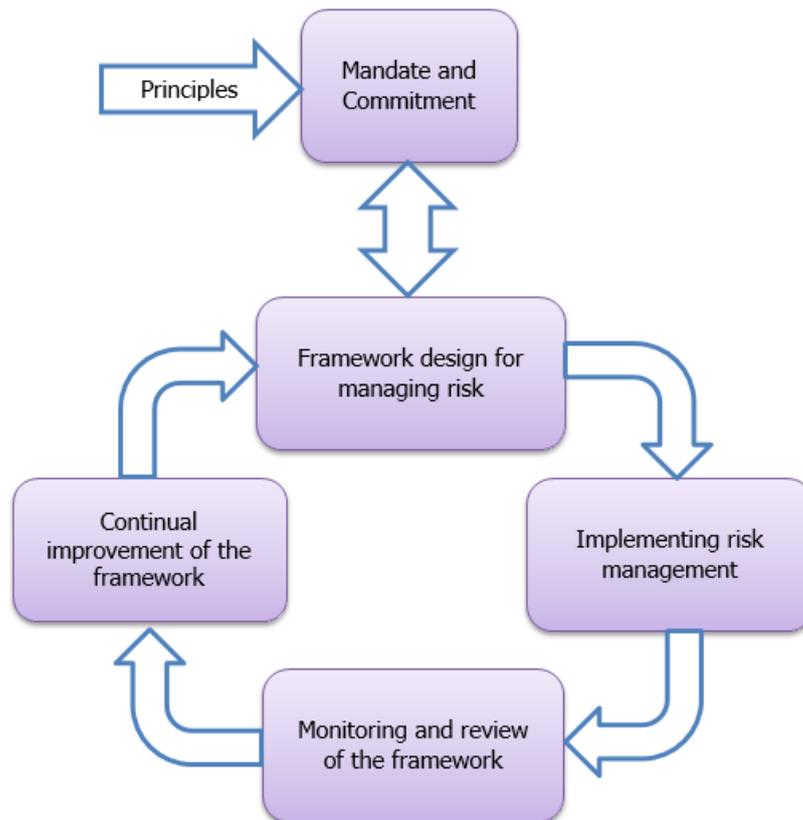
Australian/New Zealand Standard

- 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)).



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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.

Integrated Risk Management Plan

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:

Integrated Risk Management Plan

| 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.

Integrated Risk Management Plan

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.

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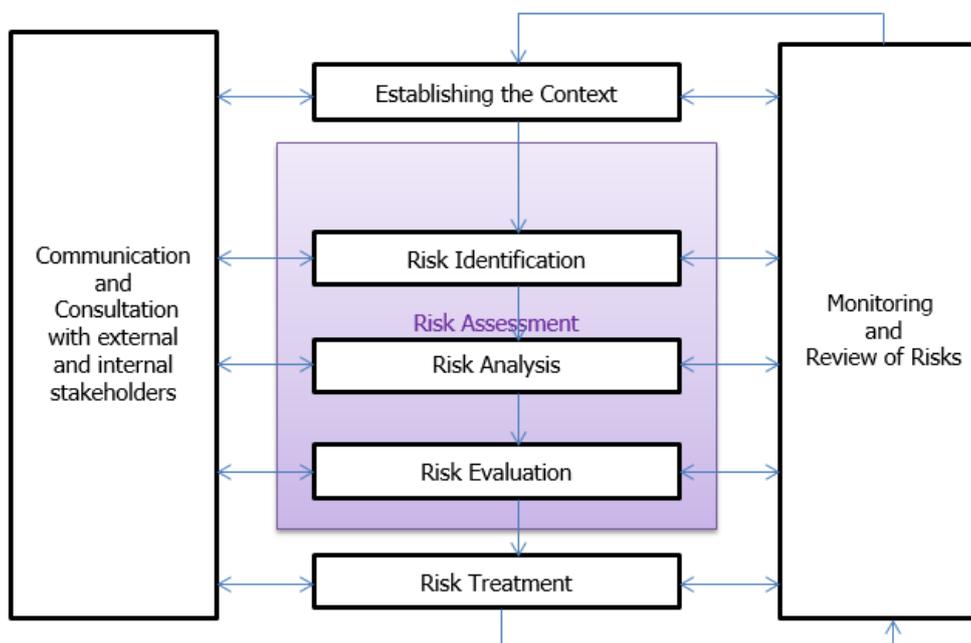
Implementing the Risk Management Plan

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.

Integrated Risk Management Plan

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.

Integrated Risk Management Plan

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.

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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

Integrated Risk Management Plan

Risk Treatment

The final step is to treat risk which includes the process of identifying the nature and type of controls or safeguards to avoid the impact of the risk.

Risk Treatment may involve:

- avoidance
- transfer
- reduction
- acceptance with controls

Integrated Risk Management Plan

Risk Matrix

CITY OF KALAMUNDA RISK MATRIX 2019

| CONSEQUENCE | | | | | | | 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 | |
| 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 |

Integrated Risk Management Plan

Risk Appetite Summary

| Risk Appetite Range | Low Appetite | Moderate Appetite | High Appetite |
|-------------------------|---|--|---|
| | | | |
| Approach to Risk | Accept as little risk as possible and take a cautious approach towards risk | Balanced and Informed approach to risk taking | A more aggressive approach for increased benefit or to achieve a key Strategic Outcome |
| Risk Category | | | |
| Financial | Activities that impact financial liquidity | Activities with a low value | Activities with a low value that are likely to provide economic or revenue growth opportunities |
| Health & Safety | 'Office' based staff | 'Outside' staff undertaking manual labour / plant | Staff undertaking emergency service activities |
| Reputation | Activities that impact a large part of community | Activities that impact a small number of the community and are for the greater good. | Activities that impact one small group with overall benefits that far outweigh the pain |
| Operation | Activities that result in ongoing disruption to core services | Activities that result in minor disruption to a small number of services. | Minor service disruption that will enable improved delivery of services to the Community in the future |
| Environmental | Inadequate Natural hazard risk mitigation | Activities that may result in minor environmental impacts | Activities that may result in minor environmental impacts whilst providing improved services to the wider community |
| Compliance | Minor un-intentional breaches of legislation | Moderate unintentional breaches of policy or procedures | Moderate unintentional breaches of process that occur in an emergency situation |
| Project | Activities that result in 10% cost or time variations | Small value low profile | Innovation, Ongoing community benefit shared across other partners |

Integrated Risk Management Plan

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

Risk Appetite relates to the amount and type of risk that the City is willing to take in order to achieve its strategic objectives.

The City's overall risk appetite is "risk averse". When discussing risk appetite, acceptable tolerances will be defined using the following terminology:

- Low tolerance
- Moderate tolerance
- High tolerance

The City is focused on innovation and continuous improvement, and delivering innovation and focusing on opportunities to enhance service delivery carry risk. What is important is that the City takes calculated risks by ensuring that risk are properly identified, evaluation and managed to ensure that risk exposure is acceptable.

The City's risk appetite is generally higher when it can be demonstrated that the benefits created through innovative concepts outweigh the associated risks.

The City's Risk Appetite is assessed against the main areas of risk consequence expressed within the Risk Management Plan.

Integrated Risk Management Plan

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.

Integrated Risk Management Plan

Monitoring, Reviewing 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

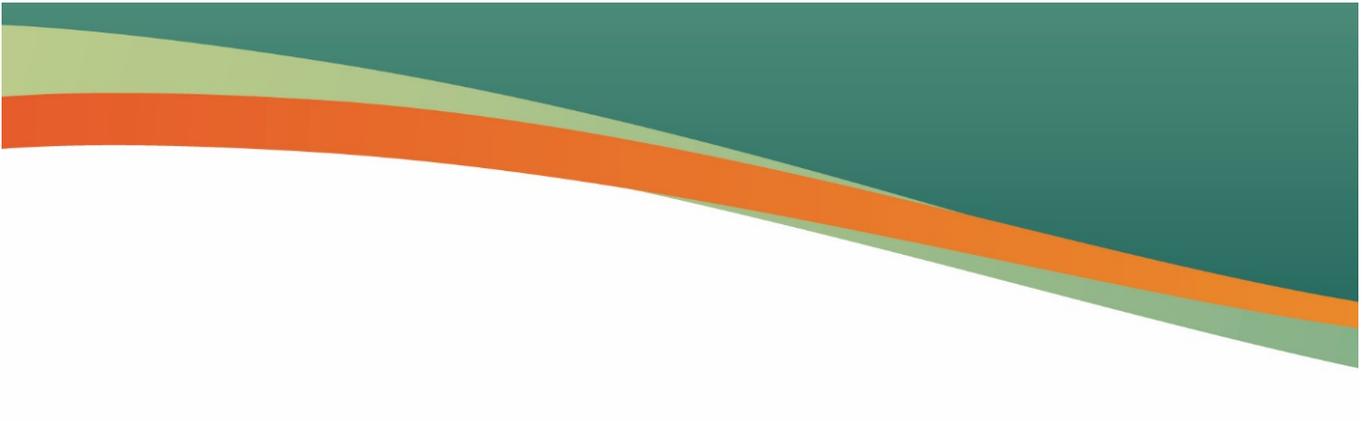
A. Example of Completed Template for Inclusion in Reports to Council on Risk Management

Integrated Risk Management Plan

A: 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. |
| | | | | |
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