Risk Management Policy

Policy Objectives

The objective of this Risk Management Policy is to state the Town of Bassendean's ('Town's') intention to identify potential risks before they occur, so that impacts can be minimised or opportunities realised; ensuring that the Town achieves its strategic and corporate objectives efficiently, effectively and within good corporate governance principles.

Policy Statement

It is the Town's Policy to achieve best practice aligned with AS/NZS ISO 31000:2018 Risk Management – Guidelines, in the management of all risks that may affect the Town meeting its objectives.

Risk management functions will be resourced appropriately to match the size and scale of the Town's operations, will form part of Strategic, Operational, and Project responsibilities, and be incorporated within the Town's Integrated Planning and Reporting Framework.

This policy applies to all Council Members, Employees and Contractors involved in any Town operations.

Policy Details

Council is committed to ensuring that risk management:

- Optimises the achievement of the Town's values, strategies, goals and objectives.
- Aligns with and assists the implementation of Town Policies.
- Provides transparent and formal oversight of the risk and control environment, enabling effective decision-making.
- Reflects risk versus return considerations within the Town's risk appetite.
- Embeds appropriate and effective controls to mitigate risk.
- Achieves effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhances organisational resilience.
- Identifies and provides for the continuity of critical operations.

Key Policy Definitions

Risk: The effect of uncertainty on objectives.

Note 1: An effect is a deviation from the expected – positive or negative.

Note 2: Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).

Risk Management: Coordinated activities to direct and control an organisation with regard to risk.

Risk Management Process: Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

Roles and Responsibilities

The CEO is responsible for:

- Implementation of this Policy.
- Measurement and reporting on the performance of risk management.
- Review and improvement of this Policy and the Town's risk management framework at least triennially, or in response to a material event or change in circumstances.

The Town's risk management framework outlines in detail all roles and responsibilities associated with managing risks within the Town.

Risk Assessment and Acceptance Procedures

The Town has quantified its broad risk appetite through the Town's 'Risk Assessment and Acceptance Criteria' (below). The Criteria are included within the Risk Management Framework and as a component of this Policy.

All organisational risks are to be assessed according to the Town's Risk Assessment and Acceptance Criteria to allow consistency and informed decision-making.

Whilst these risk criteria are necessarily broad in their guidance, they offer insight to staff about risk areas or activities where Council has set reasonable boundaries.

For operational requirements such as Projects, Events, Work Health and Safety, or in rare instances in which the Town's Risk Assessment and Acceptance Criteria are unclear in determining a level of risk, alternative risk assessment criteria may be utilised, however these cannot exceed the organisation's risk appetite, and approval for such use must first be obtained from the CEO.

Monitor and Review

The Town will implement and integrate a monitor and review process to report on the achievement of risk management objectives, the management of individual risks and the ongoing identification of issues and trends.

This Policy will be kept under review by the Corporate Management Committee. It will be formally reviewed triennially.

Town of Bassendean Risk Assessment and Acceptance Criteria

Town of Bassendean Measures of Consequence								
Rating (Level)	**Compliance**	**Environment**	**Financial**	**Health / People**	**Property**	**Reputational**	**Service Interruption**	**Projects**
Insignificant (1)	No noticeable regulatory or statutory impact	Contained, reversible impact managed by on-site response	Less than $10,000	Near miss. Minor first aid injuries	Inconsequential damage.	Unsubstantiated, low impact, low profile or 'no news' item	No material service interruption <3 hours	<5% deviation in project outputs (Time, Cost, Scope and Quality) or funding
Minor (2)	Some temporary non-compliances	Contained, reversible impact managed by internal response	$10,000 - $50,000	Medical -type injuries	Localised damage rectified by routine internal procedures	Un/Substantiated, low impact, low news item	Short-term temporary interruption – backlog cleared <1 day	5-10% deviation in project outputs (Time, Cost, Scope and Quality) or funding
Moderate (3)	Short term non-compliance but with significant regulatory requirements imposed	Contained, reversible impact managed by internal & external agencies	$50,001 to $200,000	Lost-time physical or mental injury <30 days / Multiple staff morale problems	Localised damage requiring internal & external resources to rectify	Un/Substantiated, public embarrassment, moderate impact, moderate news profile	Medium-term temporary interruption – backlog cleared by additional resources <1 week	10-25% deviation in project outputs (Time, Cost, Scope and Quality) or funding
Major (4)	Non-compliance results in termination of services or imposed penalties	Uncontained, reversible impact managed by a coordinated response from external agencies	$200 000 to $500,000	Lost-time physical or mental injury >30 days / Widespread staff morale problems	Significant and/or widespread damage requiring internal & external resources to rectify	Substantiated, public embarrassment, high impact, high news profile, third party actions	Prolonged interruption of services – additional resources required; performance affected <1 month	25-50% deviation in project outputs (Time, Cost, Scope and Quality) or funding
Catastrophic (5)	Non-compliance results in litigation, criminal charges, significant damages and/or penalties	Uncontained, irreversible impact	>$500,000	Fatality, permanent disability. Town no longer an employer of choice. Loss of key staff.	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Indeterminate prolonged interruption of services – non-performance >1 month	More than 50% deviation in project outputs (Time, Cost, Scope and Quality) or funding

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Town of Bassendean Measures of Likelihood				
Level	**Rating**	**Description**	**In the past**	**Control Effectiveness**
1	**Rare**	The event may only occur in exceptional circumstances (<5% chance)	Less than once in 10 years	Controls are very strong and operating as intended. There is no scope for improvement
2	**Unlikely**	The event could occur at some time (<10% chance)	Once in 10 years	Controls are strong and operating as intended
3	**Possible**	The event should occur at some time (20% chance)	Once in 3 years	Controls are operating as intended, but there is scope for improvement
4	**Likely**	The event will probably occur in most circumstances (>50% chance)	Once per year	Controls are operating; however, inadequacies exist
5	**Almost Certain**	The event is expected to occur in most circumstances (>90% chance)	More than once per year	Controls are weak, do not exist, or are not being complied with

Consequence X Likelihood = Risk Rating

Town of Bassendean Risk Rating						
Consequence / **Likelihood**		**Insignificant**	**Minor**	**Moderate**	**Major**	**Catastrophic**
		1	**2**	**3**	**4**	**5**
Rare	**1**	**Low (1)**	**Low (2)**	**Low (3)**	**Low (4)**	**Moderate (5)**
Unlikely	**2**	**Low (2)**	**Low (4)**	**Moderate (6)**	**Moderate (8)**	**High (10)**
Possible	**3**	**Low (3)**	**Moderate (6)**	**Moderate (9)**	**High (12)**	**High (15)**
Likely	**4**	**Low (4)**	**Moderate (8)**	**High (12)**	**High (16)**	**Extreme (20)**
Almost Certain	**5**	**Moderate (5)**	**High (10)**	**High (15)**	**Extreme (20)**	**Extreme (25)**

Town of Bassendean Risk Acceptance Criteria			
Risk Rank	**Description**	**Criteria**	**Responsibility**
Low	**Acceptable**	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
Moderate	**Monitor**	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
High	**Urgent Attention Required**	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	Corporate Management Committee
Catastrophic	**Unacceptable in most circumstances**	Risk only acceptable with effective controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous documented monitoring	CEO / Council

Town of Bassendean Existing Control Ratings		
Rating	**Foreseeable**	**Description**
Effective	There is no scope for improvement with all available resources.	Controls are operating as intended and aligned with policies and procedures. Controls are documented, up to date, understood by users, not forgotten or components missed, does not expose the organisation to theft or fraud and is delivered consistently within statutory or service delivery standards. Controls are subject to ongoing monitoring. Controls are reviewed and tested regularly.
Adequate	There is some scope for improvement.	Controls are generally operating as intended; however, inadequacies exist. Limited monitoring of controls. Controls are reviewed and tested, but not regularly.
Inadequate	There is a need for improvement or action.	Controls are not operating as intended. Controls do not exist, or are not being complied with. Controls have not been reviewed or tested for some time.

Document responsibilities:			
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Compliance requirements:			
Legislation	***Local Government Act 1995*** ***Local Government (Administration) Regulations 1996***		