

Council Policy

Council Policy Name: Risk Management
Responsible Directorate: Corporate Strategy and Performance **Version:** Adopted

1. PURPOSE

- 1.1. As a public authority the City of Busselton is exposed to a broad range of risks which, if not managed appropriately, could adversely impact on the achievement of its strategic community objectives.
- 1.2. Risk Management supports sound corporate governance and effective decision making. This Policy establishes the City's commitment to risk management and continuous improvement in terms of embedding risk management practices with the objectives of ensuring that risks are managed to remain within acceptable levels and opportunities to deliver the City's strategic community objectives are realised.

2. SCOPE

- 2.1. This Policy is applicable to all City operations.

3. DEFINITIONS

Term	Meaning
Operational Risk	Risks associated with developing or delivering operational plans, functions or the day-to-day activities of the City
Policy	this City of Busselton Council policy titled "Risk Management"
Standard	Australian Standard AS ISO 31000:2018 Risk Management Guidelines
Strategic Risk	Macro-level or systemic risks associated with the City meeting its long-term strategic objectives

4. STRATEGIC CONTEXT

Strategic Theme	Strategic Priority
KEY THEME 4 LEADERSHIP	4.2: Deliver governance systems that facilitate open, ethical and transparent decision making

5. POLICY STATEMENT

- 5.1. Risk management is defined in the Standard as the coordinated activities to direct and control an organisation with regard to risk.
- 5.2. The City of Busselton is committed to the effective management of risk and will implement risk management systems and processes based on the Standard to achieve this, that is by:
 - a. Consulting and communicating with relevant stakeholders to promote awareness and understanding of risk, and obtain feedback and information to support decision making;
 - b. Establishing the context for risk management;
 - c. Identifying risk;
 - d. Analysing risk and current controls to determine a risk rating;

- e. Evaluating risk against acceptance criteria;
 - f. Treating risk where required by applying an appropriate management plan to reduce risk to an acceptable level
 - g. Recording and reporting on risk;
 - h. Monitoring and reviewing risk over time.
- 5.3. The Council recognises that adequate resources are needed to implement a risk management framework that effectively manages risk.
- 5.4. The City will apply a three lines of defence model to ensure effective management of risk and to distribute responsibilities for the management of risk:
- a. The first line of defence is formed by managers and staff who are responsible for identifying assessing, evaluating and treating risk within their own area as part of their accountability for day-to-day activities and controls;
 - b. The second line of defence is formed by functions that oversee or who specialise in compliance or the management of risk. The second line owns the risk management framework and practices, and provide tools, support, oversight and monitoring; and
 - c. The third line of defence provides independent assurance, through functions such as internal audit, to ensure that risk management governance and internal control processes are adequate and effective.
- 5.5. As part of its third line of defence, the Council has an established Audit, Risk and Improvement Committee to assist it in fulfilling its corporate governance, and stewardship responsibilities in relation to risk management, as well as an internal audit function.
- 5.6. The CEO is responsible for:
- a. establishing a Risk Management Framework;
 - b. identifying and evaluating Strategic and Operational Risks;
 - c. managing Operational Risks within the City's risk appetite and tolerance; and
 - d. reporting to the Audit, Risk and Improvement Committee on the City's Strategic Risk profile, the appropriateness and effectiveness of the City's systems and procedures,

6. RELATED DOCUMENTATION / LEGISLATION

- 6.1. Australian Standard AS ISO 31000: 2018 - Risk Management - Guidelines
- 6.2. City of Busselton Risk Management Framework
- 6.3. Audit, Risk and Improvement Committee Terms of Reference
- 6.4. *Local Government (Audit) Regulations 1996*

7. REVIEW DETAILS

Review Frequency		3 yearly		
Council Adoption	DATE	16 October 2024	Resolution #	C2410/267
Previous Adoption	DATE	8 September 2021	Resolution #	C2109/197