

1. POLICY

The Risk & Opportunity Framework details how risk is managed at the City of Albany.

Risk assessments will be carried out using the risk management process of the Australian Standard for Risk AS/NZS ISO: 31000:2009 Risk Management - Principles and Guideline.

2. RISK MANAGEMENT FRAMEWORK BENEFITS

This framework provides a consistent process that enables continual improvement in decision making, and insight into organisational risks and their impacts.

3. DEFINITIONS (AS/NZS ISO 31000:2009)

Risk management: culture, processes and structures directed towards realising potential opportunities whilst managing adverse effects.

- Risk:** effect of uncertainty on objectives. *Note: Future uncertain events may have a positive or negative impact.*
- Likelihood:** chance/probability/frequency of an event occurring.
- Consequence:** outcome of an event.
- Hazard:** the source of the risk.
- Risk analysis:** systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.
- Risk Treatments:** the provision of policies, standards and procedures or actions to eliminate or minimise adverse risks.
- Residual risk:** remaining level of risk after risk treatment.
- Risk tolerance:** level of risk/residual risk that the City is willing to accept for every day work, projects or events.

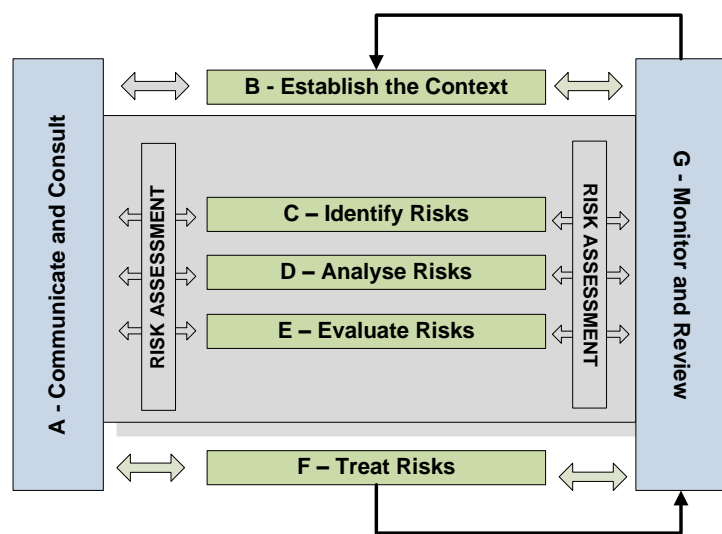
4. STAFF RESPONSIBILITIES

The City of Albany's Risk & Opportunity Management Policy identifies the following responsibilities for all staff:

- Ensuring that risks in the work area are identified and managed.
- Proactively working with supervisors in reducing risk in your work area.
- Escalating risk where necessary.

5. RISK MANAGEMENT PROCESS

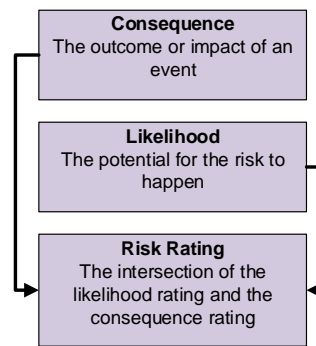
As part of preparing to undertake daily business tasks, planning and implementing projects and events or coordinating the delivery of business unit services, it is imperative that all staff recognise risks that may impact their deliverables to both internal and external stakeholders.



Risk Management Process Overview

- A - Communicate and Consult:** Provide, share and obtain information with internal and external stakeholders during all stages of the risk management process.
- B - Establish the Context:** Define both internal and external factors to the City that may have an effect on the risk management process such as risk source and risk type.
- C - Identify Risks:** Recognise and adequately describe risks in their day-to-day business routines.

D – Analyse Risks:



Analyse Risk Process

More detail is provided at section 6. ANALYSE RISK PROCESS.

E – Evaluate Risks:

Evaluating the risk will take into account the City's risk tolerance rating and the return on investment in managing the risk.

RISK ACCEPTANCE CRITERIA				
* From the risk's rating, is the Management/Executive/Council willing to accept this risk? * Who will be responsible for accepting the level of risk?				
Level of Risk	Description	When is the risk acceptable?	Who is responsible*	Timeframe for Action
Low (1-4)	Acceptable	Risk acceptable with adequate controls, managed by routine procedures.	Responsible Officer (as per risk register)	Review controls every 6 months or As per risk register
Medium (5-9)	Monitor	Risk acceptable by observing, assessing and improving current controls and Council procedures.	Responsible Officer (as per risk register)	Review controls every 3 months or As per risk register
High (10-16)	Urgent Attention Required	Risk acceptable by establishing and implementing new controls.	Executive Directors and CEO	Controls implemented within two weeks of reporting Review controls every month
Extreme (17-25)	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority.	Audit & Risk Committee and Council	Controls implemented within 1 week of reporting Review of controls every 2 weeks

F – Treat Risks:

Introduce the appropriate risk control measure.

Risk treatment options: For example: for people, health and safety use the hierarchy of controls below:

- Eliminate the Hazard:** Engage specialist contractor for large tree pruning.
- Substitute the Hazard:** Replace ladder with scissor lift, substitute solvent based paint with water based paint.
- Engineering Controls:** Reverse alarms/lights fitted to plant, exhaust ventilation to remove fumes.
- Administrative Controls:** Job rotation, work instructions, safety inspections.
- Personal Protective Equipment (PPE):** Hearing protection devices, respirators, hard hats.

When considering an **opportunity risk (positive outcome)** there are four main categories that can be used. A positive outcome presents an opportunity which can be defined as "a favourable or advantageous circumstance or combination of circumstances".

- Accept (or tolerate):** The accepting of an opportunity is used in the same manner as accepting risk.
- Improve:** Current resources are allocated to increase the likelihood of being in a position to realise an opportunity.
Exploit: Additional resources are allocated to ensure that the opportunity becomes a certainty. *Example: The preparation of a business plan to lobby for external funding.*
- Transfer:** Transfer the opportunity to a more specialised team and/or organisation that will ensure potential is maximised.

G – Monitor and Review:

This stage of the process will assess the implemented treatments to ascertain their effectiveness and alignment to the City's risk tolerance ratings. The review may be in the form of self-assessments of risk registers and treatment plans and internal quality assurance audit of the risk management process.

6. ANALYSE RISK PROCESS

A – Consequences:

Risk Category / Level	Service Delivery Interruption (see Business Continuity Plan)	Community	Environment	Financial	Legal & Compliance	Operational	People Health & Safety	Property	Reputation
Insignificant	Less than 2 hours, No material service interruption.	Little or no disruption to the community.	Little impact on environment.	Less than \$5,000	Minor regulation breach.	Small impact on City deliverables.	No injuries or injuries but not requiring first aid treatment, no leave taken.	Inconsequential or no damage to property.	Unsubstantiated, low impact, low profile, no news item.
Minor	2 to 4 hours, Short term, temporary interruption, backlog cleared < 1 day.	Minor disruptions to the nearby community.	Minor impact to the environment.	\$5,000 to \$20,000	Minor legal implications, non-compliance and breach of regulations.	Inconvenient delays in achieving deliverables.	First aid treatment required by first aid officer, sick leave, short term impact, recovery 1 to 3 weeks.	Localised damage rectified by internal arrangements.	Substantiated low impact, low news profile.
Moderate	5 to 10 hours, medium term, temporary interruption, backlog cleared by additional resources.	Significant disruption to the nearby community.	Environmental damage requiring restitution or internal clean-up.	\$20,000 to \$50,000	Serious breach of regulations, with investigation and report by 3rd party, Prosecution and fines.	Significant delays to achieving deliverables.	Onsite medical treatment by ambulance personnel longer term illness, recovery 1 to 6 months.	Localised damage rectified by internal and external arrangements.	Substantiated public embarrassment, moderate impact, and moderate news profile.
Major	11 to 24 hours, prolonged interruption of services, additional resources, and performance affected.	Substantiated disruptions to the wider spread community.	Significant breach of legislation/significant contamination or damage requiring third party	\$50,000 to \$150,000	Major litigation & class action against Council and responsible officers. Prosecution and fines imposed.	Non-achievement of major organisation deliverables.	Extensive injuries requiring hospital admission, severe trauma, extended incapacity.	Significant property damage requiring external resources.	Substantiated public embarrassment, high impact news profile, third party actions.
Severe	More than 24 hours, indeterminate prolonged interruption of services, non-performance.	Major/multiple disruptions to the widespread community.	Major breach of legislation or extensive environmental damage requiring third party investigation.	More than \$150,000	Custodial sentencing for responsible officers, multiple class actions and high end penalties.	Non-achievement of all organisations deliverables.	Death(s) or severe permanent injuries, mass hospitalisation, Post-traumatic Stress Disorder.	Extensive property damage resulting in prolonged period of recovery.	Substantiated public embarrassment, very high multiple impacts, high widespread multiple news profile.

B – Likelihood Ratings:

LIKELIHOOD TABLE				
Level	Description	Examples	Operational Frequency	Project Frequency
A	Almost Certain	Expected to occur in most circumstances	More than once in 12 months	Greater than 90% chance of occurrence
B	Likely	Will probably occur in most circumstances	At least once in 12 months	60% - 90% chance of occurrence
C	Possible	Should occur at some time	At least once in three years.	40% - 60% chance of occurrence
D	Unlikely	Could occur at some time	At least once in ten years	10% - 40% chance of occurrence
E	Rare	May occur, only in exceptional circumstances	Less than once in fifteen years.	Less than 10% chance of occurrence

C – Risk Rating Matrix:

LIKELIHOOD		CONSEQUENCES				
		1	2	3	4	5
		INSIGNIFICANT	MINOR	MODERATE	MAJOR	SEVERE
5	ALMOST CERTAIN	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
4	LIKELY	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
3	POSSIBLE	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
2	UNLIKELY	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
1	RARE	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

D – Risk Categories: The City of Albany has defined its critical success factors and consequences in terms of impact on delivering the City’s strategic, operational and project functions:

- Service Delivery Interruption:** The interruption and non-performance of functions by the Council.
- Community:** Community risk arises from inadequate or unclear communications of Council activities and plans to the local community members or a lack of consultation between Council and ratepayers.
- Environment:** Environmental risks arise from poor or inadequate practices and systems when working in the environment.
- Finance:** Financial and Budgetary risks arise from the misuse and/or poor management of annual budget, government grants and funding.
- Legal and Compliance:** Legal implications and breaches, including fines and custodial sentencing and compliance with legislation and Local Laws.
- Operational:** Operational, which includes resourcing risks arise from failed day-to-day business practices, processes, systems and personnel.
- People Health and Safety:** Occupational Safety and Health (OSH) of our own staff and that of our contractors, volunteers and members of the public. These risks arise from failing to adhere to the City’s OSH Policy and failure to report and manage known hazards.
- Property:** Damage to Council property arising from mismanagement, vandalism and lack of security.

E – Level of Impact: The definitions below relate to the consequence table:

- Insignificant:** Possible impact at a business unit or project level but no impact on organisation.
- Minor:** Minimal impact on business unit or project and minor impact on organisation.
- Moderate:** Considerable loss to project, business unit and/or moderate impact on the organisation.
- Major:** Significant impact on both project and/or organisation operations.
- Severe:** Project or business unit failure with significant or catastrophic impact on organisation.

7. RISK REVIEW & REPORTING STRUCTURE

Risk reporting demonstrates that key risks are effectively managed and controlled to either mitigate their impact or exploit their outcomes as opportunities for growth.



A - Risk Reporting Categories: Reporting of risks in the City of Albany will come under two main organisational functions.

- Strategic:** Risks that effect the achievement of the Organisation vision and objectives in the Strategic Plan.
- Operational:** Risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

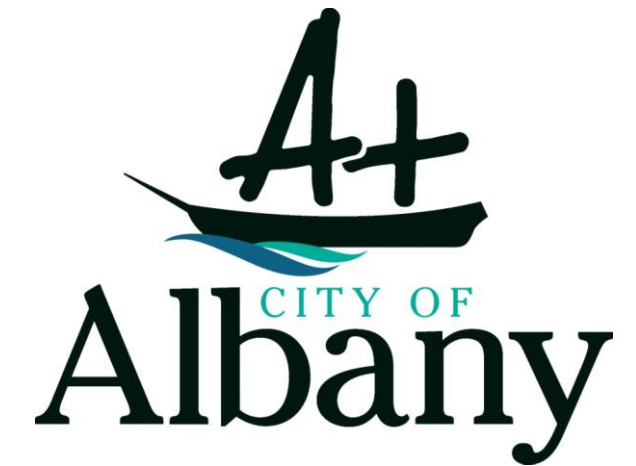
B - Risk Review Time Line:

- Monthly:** Managers report to their respective Executive Director.
- Monthly:** Executive Directors report **high** and **extreme operational & strategic** risks to the Executive Management Team (EMT).
- Quarterly:** EMT report **high** and **extreme strategic risks** to the Audit and Risk Committee.

FURTHER RESOURCES

Further information refer to Risk & Opportunity Management or contact: Risk Management & Insurance Officer via email: staff@albany.wa.gov.au

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Risk & Opportunity Management Framework

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