



RISK MANAGEMENT STRATEGY

December 2015

Contents

- 1. Introduction..... 1
- 2. Strategic and Operational Risks..... 2
- 3. Risk Management Outputs..... 3
- 4. Conclusion..... 7

1. Introduction

This document describes the Risk Management Strategy for the City of Cockburn (the City). The purpose of the updated Strategy is to align effective risk management practices for all classes of risk across the City within a common framework. It is intended to improve existing risk management practices, support the Enterprise Risk Management Policy (SC51), and manage the risks involved in all Council activities, to maximise opportunities and minimise risk. The Strategy is aligned with the international standard on risk management adopted as *AS/NZ ISO 31000:2009 Principles and Guidelines (ISO 31000)*.

The City recognises that to be effective, risk management must become part of the Council's culture, integrated into the City's corporate and business plans and everyday activities. The Risk Management Strategy for the City addresses the following components:

- Risk management reporting.
- Formal adoption of risk management strategy and frameworks.
- Risk management centralisation.
- Risk management measurement of effectiveness.
- Risk management control testing.
- Risk management training.

The Risk Management Strategy has been created with an understanding of the City's risk appetite. Risk appetite is defined as the City's willingness to accept risk in pursuit of its objectives. The key determinants of risk appetite include, but are not limited to:

- Council and community expectations.
- Income potential from accepting risks relative to income from risk-free activities (the risk / reward trade off).
- Capital availability.
- Adequacy of risk management systems.

It is vital that the City can validate the effectiveness of its risk management function to ensure that risks are being adequately controlled, identified and that the overall risk profile of the organisation is reduced. Compliance benchmarks are set to measure the effectiveness of the risk management systems, and to identify, absorb and control any new risks. This gives the City confidence that it is proactively protecting the business and community from risks.

2. Strategic and Operational Risks

Operational Risks

- risks of loss arising from day to day operations resulting from inadequate or failed internal processes, people and systems, or from external events. Predominantly relates to corporate services and functional business processes that support the City's service delivery objectives.

Strategic risks

- high level, long-term risks, which can be complex and less easy to quantify, likely have a material impact on the City's ability to achieve its strategic objectives. These risks are uncertainties and untapped opportunities embedded in the City's strategic intent and how well they are executed.

Strategic risks are of most concern to the senior executive and therefore require direct attention by the CEO and Executive. The CEO and Executive are responsible for developing the strategic risks profile in accordance with the Risk Strategy.

3. Risk Management Outputs

Strategic Risk – Output One				
Accountability	Activity	Outcome	Completion date	Frequency
CEO & Executive	Risk Management Strategy Review	<ul style="list-style-type: none"> Endorsement of Risk Management Strategy 	November 2015	Biennial
CEO & Executive	Strategic Risk thinking workshop facilitated by external provider	<ul style="list-style-type: none"> An understanding of Strategic Risk Thinking Shared acceptance on the context for which the Strategic Risk Assessment will be based 	February 2016	Once Every Four Years in conjunction with Strategic Community Plan review
CEO & Executive	Workshop on developing strategic risk profile facilitated by external provider	<ul style="list-style-type: none"> Strategic risk profile Endorsement of strategic risk reporting framework 	February 2016	Once Every Four Years in conjunction with Strategic Community Plan review
Dir. Gov & Com Serv	Information Report to Audit & Strategic Finance Committee/Council	<ul style="list-style-type: none"> Endorsement of the Strategic Risk register Endorsement of strategic risk reporting framework 	March 2016	Once Every Four Years
Dir. Gov & Com Serv	Risk Management update to the Audit & Strategic Finance Committee	<ul style="list-style-type: none"> Status on Strategic risks profile 	July 2016	Regularly, following March Audit & Strategic Committee Meeting
Risk Review Group	Internal Audit Planning	<ul style="list-style-type: none"> Internal Audit Plan 	July 2016	Biennial
Elected Members	Elected Members Strategy & Risk Management Training facilitated by External provider	<ul style="list-style-type: none"> Enhancement of Risk Management based decision making process 	July 2016	Biennial, preferably within 6 months following each Elections
CEO & Executive	Enterprise Risk Management Policy and Framework review	<ul style="list-style-type: none"> Endorsement of Risk management Policy and Guidelines 	December 2016	Every 2 years in conjunction with DAPPS committee Policy Cycle reviews

Strategic Risk – Output One				
Accountability	Activity	Outcome	Completion date	Frequency
CEO & Executive	Strategic Risk register review	<ul style="list-style-type: none"> Endorsement of updated Strategic Risk Registers 	March 2018	Biennial
CEO	Regulation 17 report to Audit & Strategic Finance Committee / Council	Regulation 17 – CEO Biennial Review of: <ul style="list-style-type: none"> Risk management Internal Controls Legislative compliance 	December 2016	Biennial

Operational Risk – Output Two				
Accountability	Activity	Outcome	Completion date	Frequency
Business Units	High/Extreme Risk Report for the CEO & Executive.	Update on status of High and Extreme risks	January 2016	Monthly following December 2015 Council meeting
Business Units	All Business Unit/Divisions should include risk management as a regular agenda item for Council meeting	Risk Management on Council Agendas	February 2016	All Council Agenda items following February 2016 DAPPS meeting
Dir. Gov & Com Serv	Information reports to Audit & Strategic Finance Committee/Council	Operational risk overviews for all Directorates provided to Committee/Council	March 2016	regularly at each Audit & Strategic Finance Committee meeting
Dir. Gov & Com Serv	Risk Management Induction for all new staff	Overview of the City's Risk Framework Overview on Risk Management Process	March 2017	Ongoing, following development of module in Learning Management System
Dir. Gov & Com Serv	Selection, Training and Implementation of a Risk Management Software	Risk Management Database	July 2016	Continual training program rollout following implementation
Dir. Gov & Com Serv	Specialised Risk Management Workshop Training for risk owners	Focused and relevant skills and knowledge for managing risks	August 2017	Biennial
Dir. Gov & Com Serv	Risk control reviews	Validation of randomly selected risk controls across all directorates	August 2016	Annual
Strategic Business Managers Group	Operational Risk Registers Reviews	<ul style="list-style-type: none"> All operational risks reviewed All risk actions reviewed Endorsement of reviewed Operational Risk registers 	Live continuous through Risk Management Software	As necessary (Software initiative programme)
CEO & Executive	Risk Management responsibilities addition to all Position Descriptions	Key Performance Indicators (KPIs) Measurement of performance in risk management	December 2017	To be included in annual performance reviews, following KPI target setting.

Business Continuity : Output Three				
Accountability	Activity	Outcome	Completion date	Frequency
Dir. Gov & Com Serv	Conduct Business Continuity Desktop Testing Exercise, facilitated by external provider	Validation of current Business Continuity information, plans, timeframes and strategies, and identification of any potential gaps	March 2017	Biennial
CEO & Executive	Business Continuity Plan Review	Review to include: <ul style="list-style-type: none"> • Business Continuity Workbook • Business Impact Analysis data 	July 2017	Biennial
Dir. Gov & Com Serv	BCP Information Report to Audit and Finance Strategic Committee/Council	Update on Business Continuity framework as part of the Information Report.	Every Quarter	Regularly to Audit and Finance Strategic Committee
CEO & Executive	Business Continuity Planning Policy and Framework Review	<ul style="list-style-type: none"> • Endorsement of reviewed BCP Policy • Endorsement of BCP Framework 	August 2016	Biennial review in accordance to the Policy review cycle

4. Conclusion

To facilitate a successful Risk Management Strategy, risk management should be recognised as an integral part of good management practice. To be most effective, risk management should be integrated into every area's philosophy, practices and strategic/operational business plans, rather than being viewed and practiced as a separate program. In other words, risk management should become the business and culture of everyone in the organisation, with its ownership extended to all staff.

It is important to establish a strong link between risk management and business planning activities. For this reason it is advisable that all projects, activities and programs have a built in risk management structure or matrix. An effective risk management strategy will help maximise potential gains and opportunities including the introduction of innovative / creative solutions, whilst minimising potentially negative impacts on service delivery. It will also ensure that the City has assurance in its systems and processes, because it has a verifiable system to rely on to meet the service delivery demands of its operations, and defend it should this be required.