

Risk Management Policy

Responsible Directorate	Office of the CEO
Responsible Business Unit/s	Strategy, Risk & Performance
Responsible Officer	Manager Strategy & Performance
Affected Business Unit/s	ALL

Objective

Risk management is a fundamental element of sound corporate governance and is part of the City's organisational purpose, governance, leadership, and commitment. This Policy establishes the City's commitment to embedding risk management practices across the organisation to support delivery of the City's Strategic Community Plan 2022–2032, the Corporate Business Plan, and the City's corporate improvement initiatives that strengthen governance, integrity, and performance.

Scope

This Policy applies to all activities of the City, including strategic and service planning, governance, operational activities, and projects. It provides the governance-level mandate for risk management and forms part of the City's Risk Management System (RMS). The RMS establishes the overall architecture within which risk management activities are designed, implemented, monitored, and reviewed. It includes the Risk Management Policy (Council mandate), the Risk Management Framework (management-owned design), and associated artefacts such as the Risk Matrix, Consequence Tables, Risk Breakdown Structure, Risk Registers, and Risk Appetite Statements.

Policy Commitment

The City is committed to:

- Applying the principles of AS ISO 31000:2018, supported by AS HB 436.1:2020, within the City's Risk Management System.
- Implementing risk management across operations and services through the Risk Management Framework, as part of the broader System.
- Aligning strategic and service risks with Council-adopted risk appetites and cascading tolerance levels into operational practice through the System.
- Measuring and monitoring risks through Key Risk Indicators (KRIs), with regular reporting to the Audit Committee and Council.
- Continuously improving and maturing risk management practices, consistent with Local Government (Audit) Regulation 17 requirements for biennial review and effectiveness testing.
- Promoting and empowering employees in risk management, with a focus on leadership behaviours, workforce capability, and organisational culture.

- Ensuring that all categories of risk, including strategic, service, operational, work health and safety (WHS, including psychosocial hazards), and compliance risks, are integrated into the Risk Management System, in accordance with relevant legislative and statutory obligations.
- Applying the Three Lines Model (Institute of Internal Auditors, 2020) to clarify roles and accountabilities across management, risk oversight, and internal audit.
- Supporting delivery of corporate improvement initiatives that enhance accountability, integrity, and organisational performance, with governance arrangements confirmed by the Executive and reported through the Audit Committee.

Risk Management Objectives

The City's risk management objectives are to:

1. Integrate risk management into strategy, planning, budgeting, and decision-making processes to support sustainable service delivery and community outcomes.
2. Create and protect value for the community by ensuring services, assets, and projects are delivered effectively, sustainably, and with resilience to current and emerging risks.
3. Strengthen leadership, governance, culture, and workforce capability by clearly defining roles, responsibilities, and accountabilities in managing risk.
4. Support continual improvement of the Risk Management System, informed by Audit Reg. 17 reviews, assurance processes, and ISO 31000 benchmarking.

Specific and measurable objectives (including annual targets, KRIs, and maturity uplift initiatives) are set through the Risk Management Framework and any associated Risk Improvement Plans. Oversight of progress is provided through the Audit Committee in accordance with Regulation 17 of the Local Government (Audit) Regulations 1996.

Definitions

- Risk: Effect of uncertainty on objectives.
- Risk Management: Coordinated activities to direct and control the City regarding risk.
- Risk Management Policy: Statement of commitment and objectives for managing risk, outlining governance, responsibilities, and review requirements.
- Risk Appetite: Amount and type of risk that the City is willing to pursue or retain to achieve its objectives.
- Risk Tolerance: Accepted level of variation in outcome relative to appetite, expressed through limits or thresholds.
- Control: A measure designed to modify risk, including policies, procedures, processes, practices, or organisational structures.
- Assurance: Evidence that controls work and risks are managed within appetite.
- Three Lines Model: Clarifies roles in managing risk. 1st line (management) owns and manages the risk; 2nd Line (specialist oversight functions) supports and monitors; 3rd Line (internal audit) provides independent assurance. Council, the Audit Committee, and the Executive provide overall oversight.
- Risk Management System (RMS): Overarching architecture comprising the Policy, Framework, and associated artefacts that together establish the City's approach to risk management.

- Risk Management Framework (RMF): Components and processes that guide how risk management is designed, implemented, reviewed, and improved.
- Risk Breakdown Structure (RBS): Hierarchy that groups risk by source or drivers to support consistent identification and assurance.
- Risk Matrix: A tool that combines likelihood and consequence to determine a risk rating and support consistent prioritisation.
- Consequence Table: Defines impact levels for each consequence category to ensure consistent risk assessment.
- Assurance Map: Overview showing who provides assurance, its coverage, and any gaps.

Relevant frameworks, management practices, and documents

The Risk Management Policy operates alongside the following framework and guidance documents:

- Risk Management Framework
- Governance Framework
- Integrity Framework and Integrity and Misconduct Management Practice
- AS ISO 31000:2018 Risk Management – Guidelines
- AS HB 436.1:2020 Risk Management – Companion Guidelines
- ISO Guide 73:2009 Risk Management – Vocabulary

Legislation/local law requirements

The City's Risk Management System will comply with all applicable legislative and statutory obligations relevant to its operations and ensure that risk management systems and processes support this compliance including:

- Local Government Act 1995 (WA): Section 5.41, which establishes the governance responsibilities of the CEO.
- Local Government (Audit) Regulations 1996 (WA): Regulation 17, which requires triennial review of the effectiveness of risk management, internal control, and legislative compliance systems.
- Other relevant legislation and statutory obligations, as applicable to the City's operations.

Development and Approval

This Policy is the highest-level governance document within the Risk Management System. This Policy will be reviewed triennially under Regulation 17 of the local government (Audit) Regulations 1996, or earlier if triggered by legislative, structural, or strategic changes.

- Drafting: Risk Team under the Service Lead Strategy, Risk & Performance
- Initial Review: Manager Strategy & Performance
- Executive Endorsement: CEO & Executive Leadership Team
- Audit Committee: Review for assurance and compliance with Local Government (Audit) Regulations 1996 (Regulation 17)
- Council: Final Approval.

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Relevant delegations	Not Applicable			
Initial executive endorsement	Date	9 October 2025	Author	Emma Triscari
Last reviewed	Date	12 November 2025	Officer	Michelle Wolsoncroft
Next review due	Date	31 October 2028		