

Recommendation:

That Council receives the report titled Risk Management Update – May 2017.

FILE REFERENCE: P1013822-3
REPORTING UNIT: Governance
RESPONSIBLE DIRECTORATE: Corporate Services
DATE: 11 May 2017
ATTACHMENT/S: Confidential Attachment 8.1A – High and Extreme Risk Update (Distributed to Elected Members under separate cover)

Legislation / Strategic Plan / Policy:

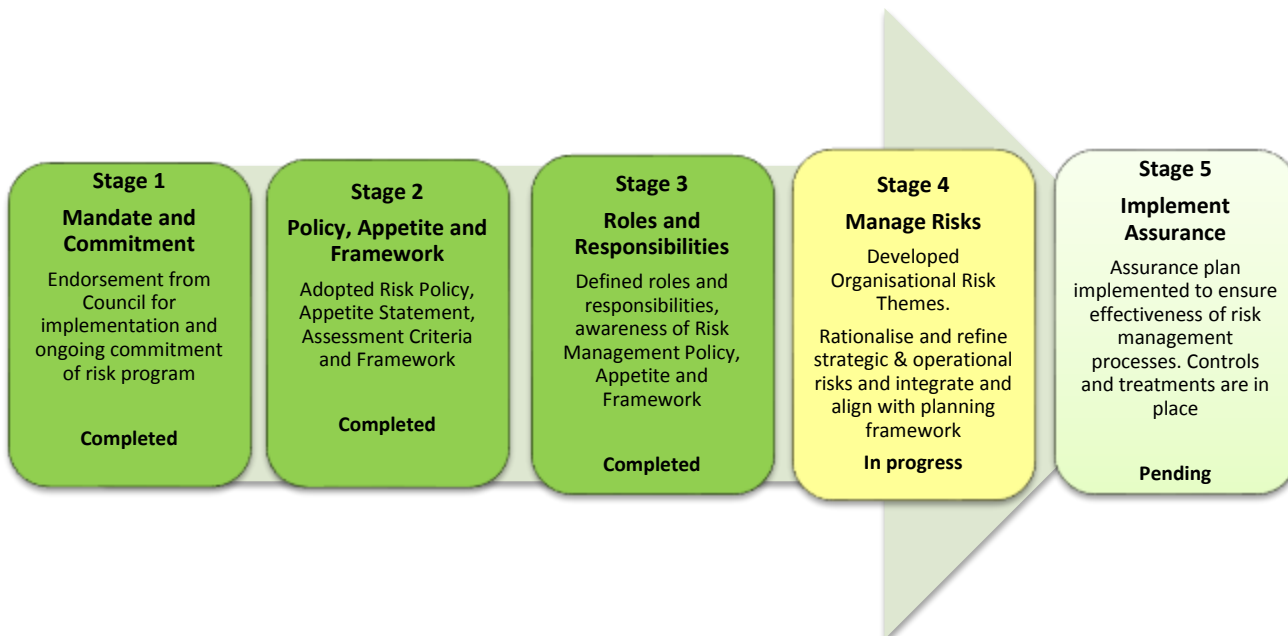
Legislation *Local Government Act 1995*
Regulation 17 of the Local Government (Audit) Regulations 1996

Integrated Reporting Implications **Planning and Framework** **Strategic Community Plan**
Council Four Year Priorities: Capable and Responsive Organisation
A capable, flexible and sustainable organisation with a strong and effective governance system to provide leadership as a capital city and deliver efficient and effective community centred services

Policy
Policy No and Name: 19.1 – Enterprise Risk Management

Purpose and Background:

The City is progressing in implementing the recommendations contained within the Risk Management Maturity Assessment Report. The following table is a representation of the progress in implementing the “Road Map” from the Assessment.



Stage 1: Mandate and Commitment (Complete)

The recommendations and findings of the Risk Management Maturity Assessment were received by the Audit and Risk Committee on 8 August 2016. At the meeting, the Committee endorsed the implementation of the recommendations and 'Road Map'.

Stage 2: Policy, Appetite and Framework (Complete)

The amended Risk Management Policy 19.1, risk assessment criteria and risk appetite were endorsed by Council on **22 November 2016**.

Stage 3: Roles and Responsibilities (Complete)

Risk management awareness sessions were held with Managers to highlight the new risk management processes and reporting as outlined in the Risk Assessment and Acceptance Criteria. The New City of Perth Risk Management Framework was endorsed by Council on **27 February 2017**.

Stage 4: Manage Risks (In Progress)

Operational Risk assessment workshops have commenced with the City's Business Units. Detail from this process is provided within this report and Confidential Attachment 8.1A. The Strategic Risk Assessment is scheduled to begin in May 2017 upon completion of the community engagement process 'Share to Shape' project which is currently underway.

Stage 5: Implement Risk Assurance (pending)

As part of the City's Internal Audit Plan 2016/17, the following Audit item is scheduled to commence in June 2017. Moving forward this will be done in two parts, being in July and February of every year.

- **Validation of Critical/Major Risk Mitigation Strategies** - To determine whether risk mitigation strategies are adequately resourced (budget and HR), address the root cause of the nominated risks, and are effective (for those that have been implemented).

Details:

OPERATIONAL RISK UPDATE

As at 11 May 2017, 10 of the City's 29 Units' operational risk assessments have been completed.

Process: 2.5 hour risk assessment workshops with each Unit, with the process aligned with the new Risk Management Framework and Risk Assessment and Acceptance Criteria.

Context for the operational risk assessments: Key Services (as contained in the 2017/18 Business Unit Plans)

Objective: Working through each key service, defining the critical success factors and the uncertainty (risks) to the delivery of the Units' key services.

Output: Unit Operational Risk Registers with identified risk owners, risk review and monitoring actions. Further risk mitigation identified for high and extreme risks and risks with inadequate controls in place.

Monitoring: All risk registers are being uploaded into the Risk Management Software System (RMSS) upon completion of each workshop, progressively. Concurrently, all responsible officers for risk actions are being trained on updating actions in RMSS, progressively as the City works through the process.

Risk reviews and Reporting: Following completion of workshops all risks will be subject to ongoing review and reporting to the Executive Leadership Group and the Audit and Risk Committee/ Council as per the City's Risk Assessment and Acceptance Criteria (below)

Risk Assessment and Acceptance Criteria

RISK RATING	DESCRIPTION	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
EXTREME	Urgent Attention Required	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 <u>monthly</u> continuous monitoring Quarterly reports will be provided to Council on all Extreme Risks.	CEO
HIGH	Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to <u>quarterly</u> monitoring Quarterly reports will be provided to Council on all High Risks.	Director / CEO
MEDIUM	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to <u>semi-annual</u> monitoring.	Business Unit Manager / Director
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to <u>annual</u> monitoring.	Business Unit Manager

The Business Units completed are listed below:

- | | |
|------------------------|----------------------------|
| 1. Parks | 6. Coordination and Design |
| 2. Properties | 7. Development Approvals |
| 3. Waste and Cleansing | 8. City Planning |
| 4. Construction | 9. Library |
| 5. Plant and Equipment | 10. Customer Services |

The remaining Business Unit risk assessment workshops have been scheduled to be completed over the next three months. The process is anticipated to be completed in August 2017. However, interim risk reports will continue to be provided to the Corporate OSH and Risk, Audit and Risk Committee and Council during the process.

As at 11 May 2017, there are 34 operational risks.

3 EXTREME risks;
3 HIGH risks;
24 MEDIUM risks; and
4 LOW risks.

The detailed update on high and extreme risks is provided in Confidential Attachment 8.1A of this report.

INTERIM OPERATIONAL RISK PROFILE

An overview of the distribution of risk ratings for the operational risks is shown in the below risk matrix and pie chart, in Figure 1 and 2 respectively.

Figure 1 demonstrates the overall image of the City's operational risks (as identified to date) categorised into Low, Medium, High and Extreme risks.

Figure 1: Interim City of Perth Risk Profile (as at 11 May 2017)



City of Perth

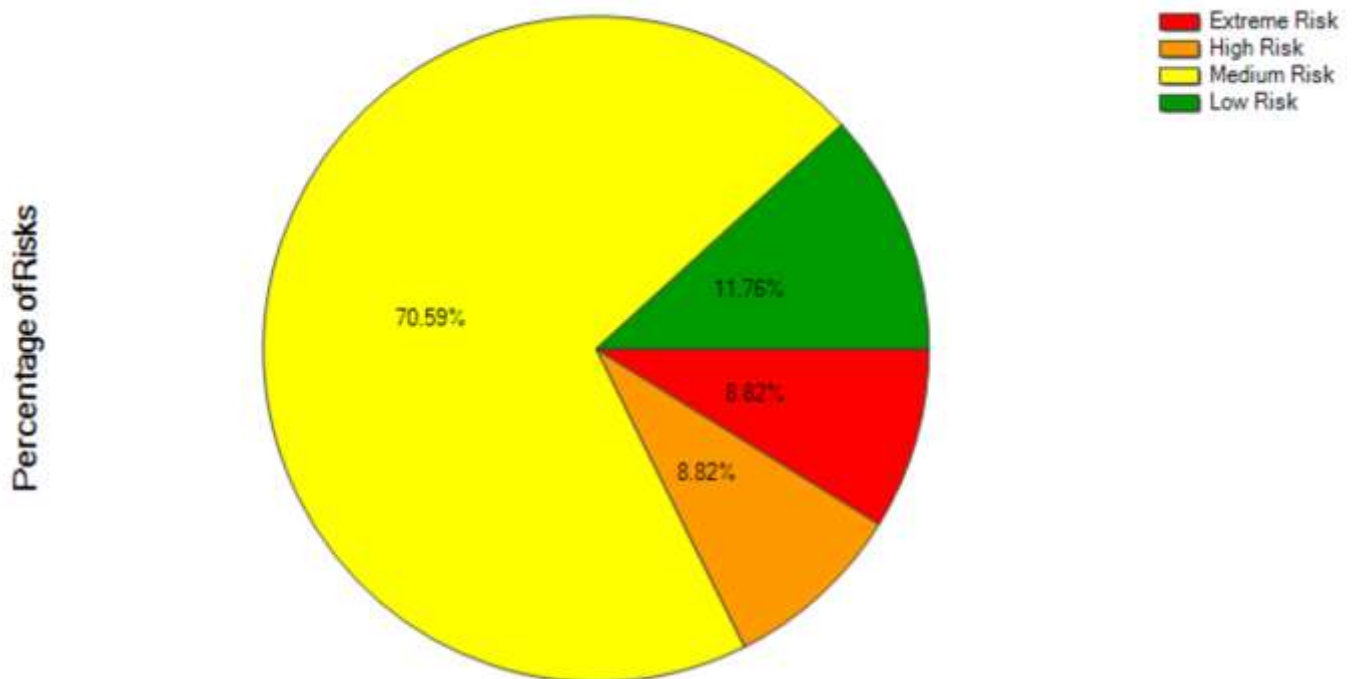
Residual Risk Matrix

Risk Area Operational

		Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood	Almost Certain	M	1 Risk(s)	H	1 Risk(s)	E
	Likely	M	M	H	1 Risk(s)	1 Risk(s)
	Moderate	L	2 Risk(s)	4 Risk(s)	2 Risk(s)	E
	Unlikely	L	3 Risk(s)	10 Risk(s)	6 Risk(s)	1 Risk(s)
	Rare	L	1 Risk(s)	L	1 Risk(s)	M

L	Low	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring
M	Medium	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring
H	High	Risk acceptable with effective controls, managed by senior management / executive and subject to quarterly monitoring. Quarterly reports will be provided to Council on all high risks
E	Extreme	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 monthly continuous monitoring. Quarterly reports will be provided to Council on all Extreme Risks.

Figure 2: Interim Distribution of risk ratings as at 11 May 2017



EXTREME Risks – 8.82%
HIGH Risks – 8.82%
MEDIUM Risks – 70.59%
LOW Risks – 11.76%

Strategic Risk

Currently the City is reviewing the Strategic Community Plan using principles from Open Government and Deliberative Democracy Approaches. A strategic risk analysis will be conducted to feed into this process.

This will be done in three parts as follows:

- Post community feedback following the community engagement process;
- During the development of community aspirations, goals and performance measures; and
- Upon finalisation of the Strategic Community Plan.

It is anticipated this analysis will commence in late May 2017, with the outcomes of this process to be reported through the Audit and Risk Committee and Council.

Once finalised, the strategic risks will also be subject to monitoring and reporting in line with the Risk Assessment & Acceptance Criteria.

Financial Implications:

Each risk identified may have its own financial implications which will be the subject of normal budget consideration.

Recommendation:

That Council approves the City of Perth Internal Audit Plan 2017/18 attached as Confidential Attachment 8.3A.

FILE REFERENCE: P102969
REPORTING UNIT: Corporate Services Office
RESPONSIBLE DIRECTORATE: Corporate Services
DATE: 4 April 2017
ATTACHMENT/S: Confidential Attachment 8.3A – City of Perth Internal A
Plan 2017/18 (Confidential attachments distributed
Elected Members under separate cover)

In accordance with Section (2)(3)(iii) of the *Local Government Act 1995*, this item is confidential and has been distributed to the Elected Members under separate cover.

Recommendation:

That Council receives the report summarising the status of outstanding internal audit recommendations as at May 2017.

FILE REFERENCE: P102969-8
REPORTING UNIT: Corporate Services Office
RESPONSIBLE DIRECTORATE: Corporate Services
DATE: 2 May 2017
ATTACHMENT/S: Confidential Attachment 8.4A – Outstanding Recommendations – May 2017 (Confidential attachments distributed to Elected Members under separate cover)

In accordance with Section 5.23(2)(e)(iii) of the *Local Government Act 1995*, this item is confidential and has been distributed to the Elected Members under separate cover.