WALCHA COUNCIL

FRAMEWORK

DRAFT Risk Management

Applicability

All Councillors and Council Staff

Publication Requirement

Internal and External

Assigned Responsible Officer

General Manager

Document Status

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1.0	January 2024	Manager People & Performance		

Amendment Record

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1. INTRODUCTION

Walcha Council is committed to an integrated approach to risk management to assist us in setting appropriate strategies, achieving our objectives and making informed decisions, in the best interests of our community. Council recognizes that managing risk is part of governance and leadership, is fundamental to how the organization is managed at all levels and will contribute to continuous improvement of its management systems.

Council's Vision:

To create a vibrant and sustainable environment in which people want to live, work and play.

The risk management process is not an isolated function and can be applied to any activity, including decision making, at all levels. Effective identification, analysis, evaluation and treatment of defined risks are critical to Council achieving its objectives and meeting overall community expectations.

2. PURPOSE

This Framework outlines the requirements and processes supporting Council's Risk Management Policy in order to create and protect value by improving performance, encouraging innovation and supporting the achievement of Council's objectives. This Framework will:

a) Align with the objectives of the Risk Management Policy;
b) Establish roles and responsibilities for managing risk;
c) Establish a standardised, formal and structured process for assessment, treatment and monitoring of identified risks;
d) Encourage innovation by integrating risk management into the strategic and operational processes across all departments of Council;
e) Ensure that Council maximises its opportunities, whilst minimising any negative impacts identified during the risk management process;
f) Ensure that all risks outside the defined risk tolerances are escalated to the relevant manager and additional treatment options implemented;
g) Ensure that (standard) reporting protocols are established for information dissemination across all Council departments; and
h) Assist in the development of a continuous improvement culture by integrating risk management processes into all Council functions.

3. RISK MANAGEMENT PRINCIPLES

The international standard for Risk Management – Guidelines (ISO 31000:2018) describe risk as:

"….. the effect of uncertainty (either positive, negative or both) on objectives ……"

The goal is not to eliminate all risks, but rather to manage risks involved in Council's functions and services and to create and protect value for our stakeholders and community.

ISO 31000:2018 is based on the following eight principles which underpin this Framework and guide how we manage risk across Council:

Integrated	An integral part of all organisational processes
Part of decision-making	Aids decision-makers in making informed choices and identifying the most effective course of action
Structured and comprehensive	Contributes to efficiency and to consistent and comparable results
Best available information	Based on historical and current information, as well as on future expectations, taking into account any limitations associated with such information and expectations.
Customised	Aligns with the internal and external context related to our objectives
Human and cultural factors	Recognises that the behaviour and culture can significantly influence the achievement of objectives
Inclusive	Requires appropriate and timely involvement of stakeholders to enable their knowledge, views and perceptions to be considered
Dynamic	Anticipates, detects, acknowledges and responds to changes in Council's internal and external contexts that result in new risks emerging and others changing or disappearing
Continual improvement	Learning and experience drives continuous improvement

4. RISK MANAGEMENT FRAMEWORK

4.1 Leadership and Commitment

Council and its Senior Management Team will demonstrate leadership and commitment to ensure that risk management is integrated into all organisational activities by:

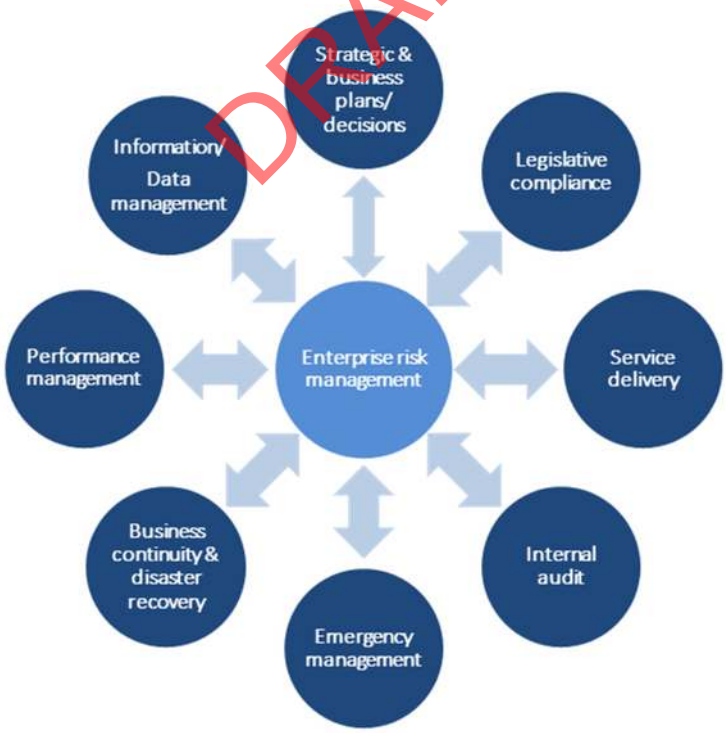
a) Developing and implementing risk management policy, framework and supporting tools and processes;
b) Allocating appropriate resources for risk management; and
c) Assigning roles, authorities, responsibilities and accountabilities with respect to risk management and communicating these at all levels of the organisation.

4.2 Integration

This Framework provides the methods and processes Council use to manage risks and identify opportunities in every part of the organisation.

Governance guides the direction of the organisation and provides the rules, processes and practices necessary for Council to achieve its objectives. Management structures that define risk management accountability and oversight roles across the organisation are critical to achieving the strategy and objectives required for Council to achieve sustainable performance and long-term viability.

Risk Management is not just about the risk assessment process nor is it a stand-alone discipline. In order to maximise risk management benefits and opportunities, it requires integration through Council's entire operations, as follows:



4.2.1 Enterprise Risk Management

Council's Risk Framework addresses Emerging, Strategic, Operational, Fraud, Project and Cyber Security Risk Management.

- Emerging risks are newly developing risks that cannot yet be fully assessed but that could, in the future, affect the viability of Council's strategy with effective risk management requiring identification on emerging risks.
- Strategic risks are those risks that apply to Council as a whole and could adversely affect the achievement of our strategic outcomes and / or damage Council's reputation.
- Operational risks relate to the risks that may impact delivery of specific services and programs and are managed by the relevant Department.
- Fraud risks relate to dishonest or fraudulent behaviour. Council is committed to deterring and preventing such behaviour with control measures set out in its Fraud & Corruption Control Plan.
- Project risks may affect the delivery of a project on time, within budget, or within acceptable quality parameters.
- Cyber security risks relate to the probability of exposure, loss of critical assets and sensitive information, or reputational harm as a result of a cyberattack or beach within Council's network.
- As part of this framework, departments within Council will develop specific policies or procedures for managing risk in their area of operation. For example, Project Management, Work Health & Safety or Asset Management. Specific procedures should and will, only be developed where this framework does not fully cover the requirement or where further explanation is necessary.

4.2.2 Strategic & Business Planning / Decision Making

Strategic and Business Planning, (which includes long-term financial planning and annual budgeting,) must adequately consider the risks facing Council in setting and pursuing its objectives and the effectiveness of systems that are in place to manage and communicate those risks.

Risk Management will be integrated into Council's governance structures, including decision making. Risk assessment and management processes will be incorporated into Council and Committee reports, where there is a potential impact on achievement of Council's objectives or on the wider community. Council members are expected to:

a) give adequate consideration to risks when setting Council's objectives;
b) understand the risks facing Council in pursuit of its objectives;
c) oversee the effectiveness of systems implemented by the organisation to manage risk;
d) accept only those risks that are appropriate in the context of Council's objectives; and
e) consider information about such risks and make sure they are properly communicated to the appropriate stakeholder or governing body.

4.2.3 Legislative Compliance

The Local Government Act applies to the functions of Councils in New South Wales, however, due to the diversity of functions and services provided by Council, a range of other Acts, Regulations and Codes of Practice and Standards also apply.

Council has implemented a Work Health and Safety (WHS) system to manage health and safety risks to workers and members of the public, in accordance with the WHS Act. WHS is a critical component of Council's risk management system and addresses risks facing workers conducting their specified duties.

4.2.4 Service Delivery

Council's risk exposures vary according to the functions, facilities and services it provides and these will inevitably change over time. Council's planning processes will address both the risks associated with provision of functions, facilities and services, (such as capacity and resources,) and risks arising from their delivery, (such as public safety and community reaction).

4.2.5 Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps Council to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The process of internal audit may result in the identification of new risks or more effective treatments for existing risks.

4.2.6 Emergency Management

Council plans for, and undertakes, prevention, preparedness, response and recovery activities to support its community in the event of emergencies and natural disasters. This process includes alignment and co-operation with lead agencies and other Councils in the region as well as providing information and training for workers to protect them from harm whilst responding to emergencies and natural disasters.

4.2.7 Business Continuity Plan

Council is obliged to ensure that critical business functions continue after a business interruption. Council has developed the following plans, taking into consideration reasonably foreseeable risks and their potential impact on achievement of Council's objectives.

The Business Continuity Plan (BCP), which is designed to manage risk by limiting or reducing the impact of a disruption, (such as severe weather event or loss of key personnel), and enable the resumption of critical business functions/services of Council following a disruption.

The Information Technology Disaster Recovery Plan is incorporated into the BCP, which is intended to protect and recover Council's Information Technology infrastructure and data in the case of a disruptive event, (such as cyberattack or loss of infrastructure) by defining actions to be taken before, during and after an event.

4.2.8 Performance Management

Both risk management and performance management start with the establishment and communication of corporate goals and objectives and development of strategies which are then cascaded throughout the organisation. Appropriate measures and reporting structures will be put in place to monitor the effectiveness of Council's risk management processes, (at an individual and organisational level), which will in turn assist in identifying gaps or emerging risks.

4.2.9 Information / Data Management

Not only is it critical to the achievement of Council's objectives that it retains data and corporate knowledge, there are regulatory requirements to do so - Council must comply with the State Records Act 1997, Commonwealth Privacy Act 1988 and Freedom of Information Act 1991.

Council's records may be vulnerable to cyberattack, malicious intent or unauthorised release, should

appropriate risk mitigation strategies not be in place.

4.3 Design

4.3.1 Understanding the organization and its context

Establishing the context involves those involved in the risk management process understanding factors internal and external to the organisation that may influence Council's ability to achieve its objectives.

Council's risk management culture, organisational structure, strategy and objectives are factors that define Council's internal context.

The external environment may include a range of factors such including (but not limited to):

a) increased legislative and compliance requirements;
b) Reduced funding from State government
c) community expectations; and
d) Social, cultural, political, technological, economic, natural and built environment.

4.3.2 Roles and Responsibilities

The following roles and responsibilities ensure a transparent approach to managing risk within Council. Note: the roles and responsibilities outlined below refer to risk management only and the committee/position requirements in general.

Roles	Responsibilities
Council	• Endorse Council's Risk Management Policy • Review and consider any report or recommendations regarding the Risk Management Framework • Ensure that risks are adequately considered when setting Council's strategies and objectives • Understand the risks facing Council in pursuit of its objectives • Ensure there is a systematic and effective approach to managing risk and opportunity across Council operations that is implemented, monitored and communicated • Apply risk management principles to the decision making process • Monitor Council's strategic risks
Audit Committee	• Review and recommend the endorsement of the Risk Management Framework • Ensure a framework is implemented and delivers a consistent approach to risk management by assigning authority, responsibility & accountability at appropriate levels within the organisation • Review reports from management and auditors and monitor that effective enterprise risk and opportunity management controls have been implemented

Roles	Responsibilities
General Manager	• Promote a strong risk management culture by providing firm and visible support for risk management including ensuring appropriate accountability for the management of risk. • Review and endorse the Risk Management Framework NOTE - the endorsement of the Risk Management Framework (as an internal operational document) generally sits with the Executive • Ensure a customised policy and framework are in place and implemented that deliver a consistent approach to risk management • Ensure that appropriate resources are allocated to managing risk • Ensure Managers have the necessary knowledge and skills to effectively fulfil their risk management responsibilities and are accountable for risks arising from the activities of their departments • Regularly review Council's strategic and operational risks
Senior Management Team	• Commitment to, and promotion of, the Risk Management Policy and Framework • Monitor Council's overall risk profile and mitigation strategies • Ensure that risk management is embedded into all critical functions and activities • Ensure documentation of items on the risk register and ongoing and regular reviews of the risk register including the actioning of any overdue risk treatments • Include risk treatments into departmental plans • Empower staff to actively be involved in managing risk • Promote a proactive risk culture in accordance with business management initiatives • Regularly review risks on the risk register (at least annually) • Review Councils Strategic Risks
Risk Management Coordinator (Manager People & Performance)	• Provide guidance and assistance to all staff in relation to the application of this framework and reporting within the Risk Register • Ensure relevant risk information is reported and escalated to the Management Team or Audit Committee or cascaded to staff, as relevant • Maintain the Risk Management Policy and Framework to ensure its currency and accuracy • Maintain the Risk Register and timeframes as required • Provide support and advice to Managers and staff in the application and use of the Risk Management Framework
Employees, Volunteers & Contractors	• Understand the risk management processes that are integrated into all Council activities • Identify, evaluate, report and manage risks in their daily activities and projects

4.4 Implementation

Council's risk management framework is supported by an implementation plan that includes timeframes and resource requirements and processes for engagement with, and provision of information to, stakeholders.

4.5 Evaluation

Council will undertake periodic reviews of its risk management framework and implementation plan to measure its effectiveness and to determine whether it remains suitable in supporting the achievement of its strategic and operational objectives.

4.6 Improvement

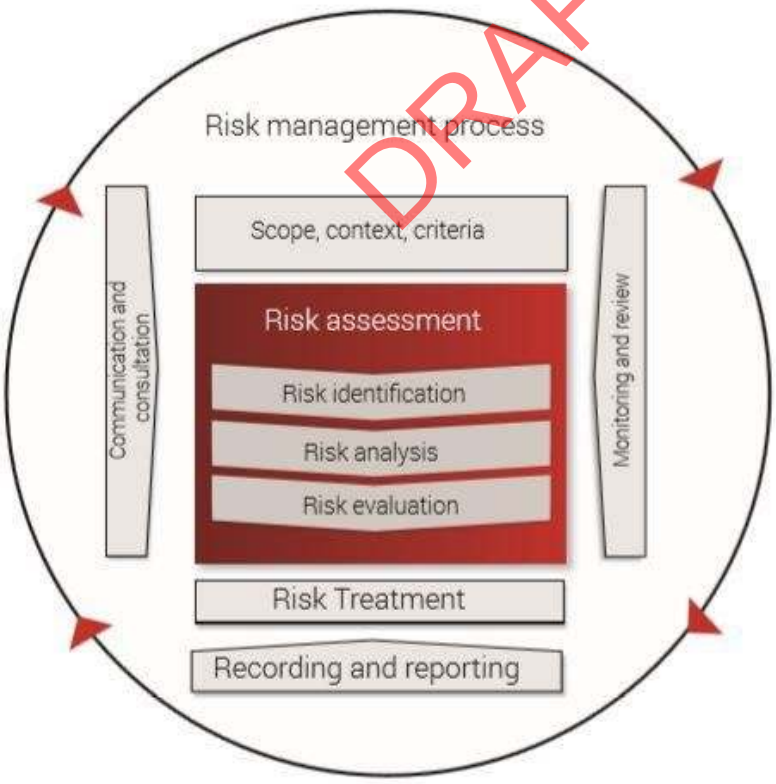
To maintain and improve the value of risk management to the organization, Council will monitor and adapt its risk management framework, with a view to continually improve the suitability, adequacy and effectiveness of the risk management process.

5. RISK MANAGEMENT PROCESS

Having good risk management practices ensures that Council can undertake activities knowing that measures are in place to maximise the benefits and minimise the negative effect of uncertainties. Risk management involves both the management of potentially adverse effects as well as the fulfilment of potential opportunities. The risk management process is an integral part of management and decision making and will be/is integrated into Council's structure, operations and processes.

The dynamic and variable nature of human behaviour and culture should be considered throughout the risk management process.

Although the risk management process is often presented as sequential, in practice it is iterative.



5.1 Communication and Consultation

Establishing a communication and consultation plan with internal and external stakeholders is critical to the success of the risk management process. Effective communication and consultation

throughout the process is essential to ensure that those responsible for implementing risk management, and those with a vested interest, understand the basis on which risk management decisions are made and why particular actions are required.
Council will engage with stakeholders throughout the risk management process to:

a) Correctly identify risks and understand context
b) Gain a better understanding of the views and interests of stakeholders and how their expectations may be managed;
c) Capitalise on the diversity of knowledge, opinions and experience to enhance identification and management of risks and opportunities; and
d) Build a sense of inclusiveness and ownership amongst stakeholders,

5.2 Scope, Context and Criteria

5.2.1 Defining the Scope

Because the risk management process is applied at different levels throughout the organisation, it is important to define the scope and it's alignment with Council's objectives; this should include consideration of:

a) Goals and objectives of risk management activities;
b) Proposed outcomes and timing;
c) Responsibilities and accountabilities for the risk management process;
d) Risk management methodologies;
e) Processes, activities and projects and how they may interact with other processes, activities and projects of Council;
f) How effectiveness and/or value will be measured and monitored; and
g) Availability of resources to managed risk.

5.2.2 Defining the Context

Defining the context is important because:

- Risk management takes place in the context of Council's objectives and activities; and
- Organisational factors can be a source of risk; and
- The context should reflect the specific environment of the activity to which the risk management process is to be applied, and consider the factors outlined in 0.

5.2.3 Defining Risk Criteria

Risk criteria are used to evaluate the significance of risk and are reflective of Council's values, objectives and resources and the views of its stakeholders. Council's risk criteria are documented throughout this framework and its appendices.

It should be noted that, whilst risk criteria are established at the beginning of the risk management process, they are dynamic and should be continually reviewed and amended, if necessary.

5.3 Risk Assessment

5.3.1 Risk Identification

The aim of risk identification is to develop an inclusive list of events that may occur which - if they do - are likely to have an impact on the achievement of Council's objectives, as stated in its Strategic Management Plans. Council identifies, assesses and treats risk in the following three groups (risk types):

Strategic	Risks associated with high level strategic goals that align to Councils Strategic, Annual and Business Plans. Strategic risks may affect the achievement of Council's corporate objectives. They are key issues for the management and impinge on the whole business rather than a business unit. These risks can be triggered from within the business or externally. In other words they may prevent the organisation from achieving its strategic goals.
Operational	Risks associated with departmental functions and daily operations to deliver essential services. Often the risks are cost overruns, supply chain/logistic issues, employee issues, fraud, WHS, noncompliance to policies and procedures.
Project	Risks associated with Project Management that will affect milestones connected to delivering a specific project.
Emerging	Emerging risks are newly developing risks that cannot yet be fully assessed but that could, in the future, affect the viability of Council's strategy with effective risk management requiring identification of emerging risks.
Fraud	Fraud risks relate to dishonest or fraudulent behaviour. Council is committed to deterring and preventing such behaviour with control measures set out in its Fraud and Corruption Control Plan.
Cyber Security	Cyber security risks relate to the probability of exposure, loss of critical assets and sensitive information, or reputational harm as a result of a cyberattack or breach within Council's network.

Risk identification naturally flows on from the context discussion and is a process of formally documenting the effects of uncertainty on objectives. An effective approach is to engage as many stakeholders as possible in a structured identification process.

The aim is to generate a list of risks based on those impacts or events. During the identification process, there are a number of questions that need to be asked to capture the information required:

a) What might happen/ what could go wrong?
b) What is the cause?
c) How does this affect the objective?

After a risk is identified, it may be categorised and captured in the Risk Register in accordance with the following categories

The process of risk identification must be comprehensive as risks not identified are by nature

excluded from further analysis. Care must be taken to identify and define risks, rather than causes or consequences. Based on the risks faced by the organisation, there may be other categories.

There may also be benefit in capturing an additional level of detail with regards to risk areas if you would like to drill down further when analysing trends. An example of this can be found in Appendix G.

5.3.2 Risk Analysis

Risk analysis involves developing an understanding of a risk. It provides an input to risk evaluation and to decisions on whether risks need to be treated, and the most appropriate risk treatment strategies and methods. The tables included in the appendices are Council's tools for expressing the consequence, likelihood and level of risk as well as Council's risk tolerance.

5.3.2.1 Inherent and Residual Risk

A "risk rating" can be determined by combining the estimates of effect (consequence rating) and cause (likelihood rating). The risks are to be assessed against all consequence categories; and the highest consequence rating will be used.

The first rating obtained will be the inherent risk rating, (i.e. the level of risk at time of risk assessment with no controls.) Once further and additional controls are added to reduce the consequence and/or likelihood, the risk is rated again to determine the residual risk, (i.e. the level of risk remaining after risk treatment).

5.3.2.2 Risk Appetite

The Management Team, in consultation with Elected Members, are responsible for defining Council's risk appetite, taking into consideration the nature and extent of the risks Council is willing to take in order to achieve its strategic objectives.

The following five questions have been considered in arriving at Council's position for its risk appetite:

a) Do decision makers understand the degree to which they are permitted to expose Council to the consequences of an event or situation?
b) Does the Management Team understand their aggregated and interlinked level of risk to determine whether it is acceptable or not?
c) Do the Council and Management Team understand the aggregated and interlinked level of risk for Council as a whole?
d) Are Council and Management Team clear risk appetite is not constant? (i.e. there must be flexibility to adapt built in.)
e) Are risk decisions made with full consideration of reward? The appetite needs to help Council and the Management Team take appropriate level of risk for Council, given the potential for reward.

Council's risk appetite will be included in Council's regular monitoring and review process of the Risk Framework. This review of appetite will be incorporated into the structure of Council at each level of responsibility due, in part, to the differing focuses with regards to the risks that Council faces at each of these levels.

5.3.2.3 Risk Tolerance

Not all risk types for Council are the same in terms of their acceptability. Once a risk has been

analysed, it needs to be compared to Councils tolerance levels. Tolerance can be described as the organisation's readiness to bear each of the risks after implementation of controls in order to achieve its objectives.

If the assessed risk level is above the tolerable level for that category of risk then treatment may be required. If it is equal to, or below, the tolerable level for that category of risk then the risk can be accepted, (provided the controls are implemented).

5.3.3 Risk Evaluation

Risk Evaluation is the process used to assist in making decisions, based on the outcomes of risk analysis, about which risks need treatment and the priority for implementation of controls. Decisions should take account of the wider context of the risk and include consideration of the tolerance of the risks borne by parties other than Councils who may benefit from the risk. There are also circumstances whereby, despite the risk level, risks cannot be treated.

Risk level	Managing risk – priority rating
Extreme	• Add risk to Council's Risk Register • Escalate risk issue immediately to GM/Management Team • GM/Management Team to: o Refer risk to risk owner o Identify and develop treatment strategies for immediate action o Monitor and review actions/strategies o Provide direction and information to relevant stakeholders • Consider cessation/suspension of the activity giving rise to the risk until such time as GM/Management Team authorises its continuation and/or whilst other risk treatment strategies are being developed/implemented • For WHS related risks, the following applies: o Operation of item or activity should not be allowed to continue until the risk level has been reduced o Will commonly be an unacceptable level of risk o May include both short term and long term control measures
High	Add risk to Council's Risk Register • Escalate risk issue to Management Team/Risk Management area • Management Team to: o Refer to relevant risk owner o Identify and develop treatment strategies with appropriate timeframes o Monitor and review actions/strategies to manage risk to an acceptable level o Provide direction and information to relevant stakeholders

	• For WHS related risks, the following applies: ○ Reduce the risk rating so far as is reasonably practicable ○ Should only be an acceptable level of risk for 'Major' or 'Catastrophic' consequences
Moderate	• Add risk to Council's Risk Register • Manage within department ○ Identify and develop treatment strategies with appropriate timeframes ○ Monitor and review actions/strategies to manage risk to an acceptable level • For WHS related risks, the following applies: ○ Reduce the risk rating so far as is reasonably practicable. May be an acceptable level of risk
Low	• Add risk to Councils Risk Register • Undertake localised risk management & actions (if required) • Review within the department parameters and routine procedures • For WHS related risks, the following applies: ○ Reduce the risk rating so far as is reasonably practicable. Commonly is an acceptable level of risk

5.4 Risk Treatment

Risk treatment can be conducted using a variety of methods. When looking at risks, treatments are aimed at reducing or removing the potential for consequences occurring. However when looking at opportunities, treatments look at ensuring that consequences are realized.

Risk treatment involves selected one or more options for modifying risks and implementing those options. Once implemented, treatments provide or modify the controls. An action should be implemented to treat certain risks.

Justifications for risk treatment is broader than solely economic considerations and should take into account all of Council's obligations, voluntary commitments and stakeholder views. Appropriate risk treatment options should be regard to Council's objectives, risk criteria and available resources.

Council will tolerate a level of risk, in accordance with the risk tolerance set out in Appendix E. Any risk that is rated at or below a tolerable level of risk should be discussed with the relevant department to have a treatment plan in place.

5.4.1 Risk Treatment Options

Risk Treatment options are not necessarily mutually exclusive or appropriate in all circumstances. Options may include:

Eliminate	Remove the asset or service completely so as to eliminate the risk altogether
Share	Allocate risk to a third party such as through appropriate contractor management
Mitigate	Implement a type of treatment control to reduce or remove the risk This may include but is not limited to options such as substitution (swapping), isolation (barricade), engineering (modify by design) or administration (policy/process)
Accept	Risk can be accepted for a number of reasons including: • No extra treatments being available; • Meets the stated target for the type of risk; • Informed decision has been made about that risk; and • Risk treatment is worth more than the risk exposure.

5.4.2 Control Characteristics

Risk treatments need to be designed in a manner to ensure they are sufficient to mitigate that risk and have some of the following characteristics if they are to become an adequate control:

a) Documented (eg: policies, procedures, task lists, checklists).
b) Systems-oriented (eg: integrated and / or automated)
c) Preventative (eg: system controls) or defective
d) Consistent and regular (including during staff absences)
e) Performed by competent and trained individuals
f) Clear responsibility and accountability
g) Create value (eg: benefits outweigh costs)
h) Achievable for the organization (based on available resources)
i) Evidenced
j) Confirmed independently.

5.4.3 Preparing and Implementing Risk Treatment Plans

Risk treatment plans specify how the risk treatment options will be implemented, so that those involved understand what arrangements are in place and to allow progress against the plan to be monitored. Risk treatment plans may be integrated into Council's existing processes, (eg: project management plans, risk registers) and provide the following information:

a) Rationale for selection of treatment options;
b) Responsibilities and accountability for approving and implementing the plan;
c) Proposed actions and timeframes;
d) Resourcing requirements;
e) Constraints and contingencies; and
f) Required reporting and monitoring.

5.5 Monitoring & Review

5.5.1 Review of Risks and Controls

Monitoring and review must be a formal part of the risk management process and involves regular checking or surveillance of the effectiveness and efficiency of the risk management processes implemented.

A monitoring and review process well:

a) Ensure that implemented controls are effective and adequate;
b) Provide further information to improve risk assessment and treatment plans;
c) Allow for the identification of emerging risks;
d) Identify any (new) activities that may influence established strategies to migitgate risks.

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t is essential to monitor all activities and processes in order to capture any new or emerging risks arising from the changing environment, (both internal and external) and the activities undertaken by Council.

Monitoring and review guidelines and timeframes are captured in the Risk Reporting structure. See Section 7.

5.5.2 Project Risks

Due to the dynamic nature of most projects a risk may change over the lifecycle of the project, triggering the need for reassessment. The monitor and scheduled review process allows for validation of risks to ensure that they remain relevant and adaption of project plans as necessary. Any changes in risks throughout the project and after its completion should be recorded and used for future project planning.

5.5.3 Internal Audit

The audit process plays an important role in evaluating the internal controls (and risk management processes) currently employed by Council. Our internal audit program is 'risk based' and provides assurance that we are managing our risks appropriately. In developing the Internal Audit Plan consideration is given to the extreme, high and moderate risks identified by the risk assessment process. Internal audit assess the adequacy of selected controls identified. The internal audit process will measure risk by:

a) Measuring compliance – has Council met its Policy objectives
b) Measuring maturity – measuring against best practice and Council benchmarking
c) Measuring value add – has the framework and risk culture added to the achievement of Councils strategic objectives.

Information is shared between the risk management and internal audit functions. Changes in our risk profile are reflected in our Internal Audit Plan. Similarly, control issues identified

through internal audit will inform our Risk Management Framework. The internal audits are conducted to provide assurance that key risks have been identified and the controls in place are adequate.

5.5.4 Review of Risk Management Framework

The review of Council's risk management framework and processes will be scheduled for completion within three years from endorsement. (Council should update this timeline based on their organisation's requirements).

6. Recording and Reporting

6.1 General

The risk management process and its outcomes should be documented and reported, in order to:

a) Communicate risk management activities and outcomes;
b) Provide information for decision making;
c) Continuous improvement
d) Assist interaction with stakeholders, including those with responsibility and accountability for risk management activities.

Records will be managed and retained in accordance with State Records 1998. Monitoring identified risks and control actions regularly is imperative in ensuring risks remain within the tolerable level and that mitigation strategies have been implemented, are effective and documented in Council' s record system Content Manager. Council's Corporate Risk Register is to be reviewed annually by Audit, Risk & Improvement Committee and must include:

- A reassessment of the inherent risk based on changes in the internal and external environment;
- Assessment of any emerging risks; and
- Assessment of the effectiveness and efficienty in the application of controls and new treatment actions

The review and subsequent assessment should be used for planning purposes as well as a management tool to direct resources and effort moving forward.

6.2 Risk Register

The Risk Register enables Council to document, manage, monitor and review strategic, project and operational risk information in order to build a risk profile and provide direction on how to improve risk management processes. The Risk Register can be used to monitor whether, using the approach outlined in this framework, the risk management process for opportunities is resulting in an increasing trend towards potential for success and less risk with negative consequences.

6.2.1 Strategic Risks

Council will identify and record Strategic Risks on the central Risk Register. Strategic level risks are identified by the Management Team and the Council, as part of an annual review at a minimum. Any risks identified at the Strategic level may be reflected in other corporate documents eg: Strategic Plan, Annual Business Plan and Asset Management Plans and mitigated through action details in these documents; however these should be collated in the Risk Registers for ease of monitoring and review. Recording and reporting Strategic level risks is the responsibility of the Work Health & Risk Management Coordinator via Management Team and Audit Committee.

6.2.2 Operational Risks

Council will record and maintain Operational risks on the central Risk Register, which is reviewed at least annually by Departmental Managers. The Risk Register will incorporate departmental risks and proposed mitigation techniques, as determined by the evaluation process. Recording operational level risks in the register and reporting of implementation and effectiveness of controls is the responsibility of Departmental Managers and workers.

6.2.3 Project Risks

Project level risks can be identified by anyone at any time prior to, and during, specified projects and are recorded within the Risk Registers. Project level risks must be identified during the Planning process, however can be added as and when necessary. Recording and reporting of Project level risks rest with the identified Project Owner.

6.3 Risk Reporting

6.3.1 Purpose

Risk based Reports will draw data from the Risk Register and provide monitoring and profile information to Council, Audit Committee and the Management Team in order to:

a) Understand the risk exposure of the Council;
b) Identify risks that require increased attention and action;
c) Provide risk information to the Council; especially anything effecting the Strategic Management Plan;
d) Provide information to all workers at all levels to make risk informed decisions; and
e) Improve the Risk Management awareness and culture at Council.

6.3.2 Content

Risk reporting will include:

a) All Council and Committee reports to include discussion of potential risks, based on completed risk assessment and treatments;
b) An annual review and update of the Risk Register by Department Managers, (or as otherwise required, eg: organisational structure change / process change / new project);

c) Quarterly review of Extreme / High Operational Risks by Management Team provided to the Audit Committee;
d) Annual review of Strategic Risks by Management Team;
e) All new and emerging Strategic Risk reviewed by Management Team as required;
f) Any risks rated as HIGH or EXTREME after the consideration or implementation of treatment options are reported to Council's Audit Committee; and
g) Any actions that are overdue by management for HIGH and EXTREME risks.

Residual risks are to be actioned in accordance with Council's Risk Action Timeframes and nominated responsible person. When a risk is identified it should be notified / escalated, based on its residual risk relating to the appropriate level of management. That manager should then assess whether the risk is mitigated to a level that is within Council's risk appetite.

If the risk is within a range that is tolerable to Council, then the risk is accepted, included in Council's Risk Register and periodically monitored for any changes in the risk level. If the risk is not considered to be within Council's appetite, then the risk should be recorded, treatment plans developed, implemented and monitored. Monitoring should identify when risk levels increase due to changes in the environment or when controls are ineffective. If risk ratings increase then those risks should be escalated.

Identified Risk Flow Chart here

Risk or control owners should undertake a review of the residual risk when treatment actions are implemented to assess whether the action was effective.

7. Training

7.1 Workers

This Framework and supporting policies and tools will be made available to all workers through the Council's intranet and other means.

Council's Training Needs Analysis (TNA) is a tool used to:

a) Capture legislative training and / or licencing requirements; and
b) Identify individual tasks within specific jobs an dthe core competencies required for the safe performance of those jobs.

Risk Management awareness training is capture on Councils TNA to ensure the effective implementation of this Framework.

Risk Management should be viewed as an umbrella that his overarching across all Council functions, not as a specialist skill that is owned by a designated risk management position and, as such, Council considers it to be skill and necessity that workers need to perform their day to day activities. Risk Management awareness training will be provided by Council to relevant workers and will take into consideration the role of the worker within the Risk Management Framework and the level of past risk management experience and knowledge.

7.2 Elected Members

Elected members are key strategic decision makers and it is therefore imperative that they understand Council's Risk Management Policy and Framework and their role in informed decision making based on sound risk management principles.

Risk Management awareness training will be scheduled within 12 months of Council elections.

7.3 Audit Committee

Audit committee members should, at a minimum, have an understanding of their roles and responsibilities as outlined in Council's Risk Management Policy and Framework, including the monitoring and review of risk management reports and outcomes from management and external auditors.

APPENDICES

Appendix A: Definitions

Key Definitions	
Assurance:	A process that provides a level of confidence that objectives will be achieved within an acceptable level of risk
Clinical risk:	Risk of an adverse outcome resulting from clinical diagnosis, treatment or patient care.
Consequence:	The outcome of an event expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.
Controls:	An action that modifies risks and increases the likelihood that objectives and goals of an organisation will be achieved.
Enterprise Risk Management:	ERM can be defined as the process affected by an organisation's board of directors (elected members/Audit Committee for Councils), management and other personnel, applied in strategy setting and across the organisation, designed to identify potential events that may affect the entity, manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of the organisation's objectives.
Establishing the Context:	Defining the external and internal parameters to be taken when managing risk
Event:	Occurrence of a particular set of circumstances

Exposure:	The risk exposure is a qualitative value of the sum of the consequence of an event multiplied by the likelihood of that event occurring
External Context:	External environment in which the organisation seeks to achieve its objectives
Financial / Infrastructure Risk:	Risk relating to the organisation's financial sustainability or ability to provide or maintain services, structures and/or facilities
Frequency:	A measure of the rate of occurrence of an event expressed as the number of occurrences of their event in a given time.
Inherent Risk:	Risk at time of risk assessment without existing/current controls
Internal Audit:	An independent, objective assurance and consulting activity designed to add value and improve organisations operations. It helps organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
Internal Context:	Internal environment in which the organisation seeks to achieve its objectives
IT (Information Technology) Risk:	Risks relating to loss, exploitation or ineffectiveness of the organisations hardware, software or systems, (including data retention and security)
Legal and compliance risk:	Risks relating to failure or inability to comply with legal or regulatory compliance
Likelihood:	Chance of something happening
Monitor:	To check, supervise, observe critically or record the progress of an activity, action or system on a regular basis in order to identify change.
Operational Risks:	Risks associated with departmental functions and daily operations to deliver core services.
People Risks:	Risk to the organisation caused by its people, (e.g. relating to culture or behaviour,) or the risk of harming people, (whether employees or not).
Project Risks:	Risks associated with Project Management that may affect milestones or deliverables connected to a specific project.
Reasonable Assurance:	The concept that enterprise risk management, no matter how well designed and operated, cannot guarantee that an entity's objectives will be met. This is because of inherent limitations in all Risk Management Frameworks.
Residual Risk:	Rating of the risk remaining after risk treatment or control has been applied.
Risk Analysis:	A systematic use of available information to determine how often specified events may occur and the magnitude of their consequences
Risk Appetite Statement:	The statement articulates the organisations approach to risk and includes both risk appetite and risk tolerance. The risk appetite is broad pursuit of risk whereas risk tolerance is operational and more tactical
Risk Appetite:	Is the amount of risk an organisation is prepared to accept or avoid. Broad-based description of the desired level of risk that an entity will take in pursuit of its mission
Risk Assessment:	An overall process of risk identification, risk analysis and risk evaluation
Risk Culture:	Risk culture refers to the behaviours that lead to how every person thinks about and manages risks
Risk Escalation Process:	A risk management system whereby an increasingly higher level of authorisation is required to sanction the continued tolerance of increasingly higher levels of risk. Some organisations use the term risk elevation

Risk Evaluaton:	The process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria
Risk Management:	Coordinated activities to direct and control an organisation with regard to risk.
Risk Management Framework:	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation
Risk Maturity:	Risk maturity of an organisation is the level of maturity an organisation has reached in its risk culture. A matured risk organisation is where the management are far more adept at identifying and mitigating the risks that could undermine their achievement of business goals. At the same time, they are effectively containing financial reporting and compliance risks and they focus on strategic risks and have integrated their various risk management activities. Organisations with low level of risk maturity are often fragmented and are not adept in identifying and managing their risks.
Risk Owner:	Staff Member with the accountability and authority to manage a risk
Risk Profile Review:	Formal process where the organisation's risk profile is reviewed periodically and annually.
Risk Rating:	Risk priority based on consequence and likelihood assessments
Risk Register:	Register of all identified risks, their consequences, likelihood, rating and treatments. It works well when it is a live document and the risks are reviewed on a periodic basis.
Risk Tolerance:	An organisation's or stakeholder's readiness to bear the risk after risk treatment/control has been applied in order to achieve its objectives. It also reflects the acceptable variation in outcomes related to specific performance measures linked to objectives the entity seeks to achieve
Risk Treatment:	Risk treatment is a risk modification process - Usually the risk treatment means what are you going to do (modify) with the risk based on its residual risk rating, i.e. • Avoid • Reduce • Transfer • Accept • Share
Risk:	An event or uncertainty that will stop an organisation to achieve its objectives
Stakeholder:	Person or organisation that can affect, be affected by, or perceive themselves to be affected by, a decision or activity
Strategic Risks:	Risks associated with *high level* strategic goals that align to Councils Strategic, Annual and Business Plans. Strategic risks may affect the achievement of Council's corporate objectives-They are key issues for the management and impinge on the whole business rather than a business unit. These risks can be triggered from within the business or externally. In other words they may stop the organisation from achieving its strategic goals.

Appendix B: Consequence Tables

Qualitative Measures of Consequence

RANK	People	Financial / Infrastructure	Service Delivery	Project	Reputation	Environmental	Legal / Regulatory / Policy
Insignificant	Minor injuries not requiring first aid treatment, or near miss	Financial – low financial loss <$20,000 impact on operating result	Insignificant interruption to a service – no impact to customers/ business	Nil impact on achievement of key project objectives or project duration extended up to 10% of original timeframe	Little community interest, low profile, no news items	Minor Instance of environmental damage. Can be reversed immediately	No noticeable statutory or regulatory impact
Minor	Minor Medical attention. Negligible impact on morale	Financial – medium financial loss >$20,000 and <$50,000	Minor interruption to a service with minimal impact to customers/ business	Some impact on isolated key project objectives. Additional minor effect required to ensure all objectives are met. Project duration extended by 20% of original project timeframe	Low impact, some passing interest, low news profile	Minor impact to environment. Can be reversed in the short term	Minor/temporary non-compliance with statutory requirements
Moderate	Significant Injury requiring medical attention. Short Term effect on morale and business	Financial – high financial loss >$50,000 and <$250,000	Moderate Interruption to service delivery. Customer impact up to 48 hrs. Partial BCP action may be needed	Impacts numerous key project objectives. Considerable effort required including some change in project scope to achieve required outcomes Project duration extended by 35% of original project timeframe	Moderate impact, moderate public interest, public embarrassment, moderate news profile	Moderate impact to environment. Localised damage that has potential to spread and reversed with intensive efforts	Short-term noncompliance with moderate statutory requirements
Major	Serious Long Term Injury. Temporary disablement. Significant impact on morale and business Mortality- 1 fatality per event/incident	Financial – major financial loss >$250,000 and <$1,500,000	Major interruption to service delivery, Customer impact > 7 days. Component of BCP action may be needed.	Significant portion of key project objectives impacted. Major changes to project scope and work necessary to achieve required outcomes. Project duration extended by 50% of original project timeframe	Sustained public interest, high negative news profile, Premier/Cabinet publicly involved, third party action	Severe Loss of environmental amenity, Danger of continuing environmental damage.	Significant noncompliance with essential statutory requirements
Catastrophic	Major Injury/disablement or death. Long term effect on morale and performance of business Mortality – multiple fatalities per event/incident	Financial – catastrophic financial loss/exposure >$1,500,000r	Major interruption to delivery of all or most services for more than 14 days. Full BCP action required.	Significant portion of key project objectives impacted. Major changes to project scope and work necessary to achieve required outcomes. Project duration extended by 100% of original project timeframe	Widespread public agitation, Government censure, high multiple impacts, widespread negative news profile	Major loss of environmental amenity – irrecoverable environmental damage	Long term or indefinite noncompliance with essential statutory requirements and may result in criminal charges

Appendix C: Likelihood Table

Likelihood	Percentage of occurring	Explanation – Operations	Explanation – Projects/ Business Case	FREQUENCY
Almost Certain	**90% chance**	It is **expected to occur** again, immediately or within a short period – likely to occur most weeks or months.	Could be expected to occur more than once during the study or project delivery	Expected to occur in most circumstances
Likely	**50%-90% chance**	**Will probably occur** in most circumstances – several times a year.	Could easily be incurred and has generally occurred in similar studies or projects.	Likely will occur
Possible	**25%-50% chance**	**Could be incurred** within a one – two year period.	Incurred in a minority of similar studies or projects	Moderate probability of an incident
Unlikely	**5%-25% chance**	**Could be incurred** in a two - five year time frame.	Known to happen, but only rarely.	Unlikely probability of an incident
Rare	**<5% chance**	**May occur in exceptional circumstances**. Could be incurred in a 5-30 year timeframe.	Has not occurred in similar studies or projects. Conceivable but in extreme circumstances.	Extremely low probability. Will only occur in exceptional circumstances

Appendix D: Risk Matrix

Likelihood \ Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Medium	High	High	Extreme	Extreme
Likely	Medium	Medium	High	Extreme	Extreme
Possible	Low	Medium	Medium	High	Extreme
Unlikely	Low	Low	Medium	High	Extreme
Rare	Low	Low	Low	Medium	High

Appendix E: Risk tolerances

The tolerance level for each residual risk, and specific to Council and its objectives, is stated below:

Zero	Willingness to accept no risk at all
Low	Willingness to accept very little risk
Moderate	Willingness to accept some reasonable risk
High	Willingness to accept a high level of risk

Appendix F: Control definitions

RATING	Definition	Note
Adequate	The control is designed in a manner that it can give reasonable assurance that the risk will be mitigated. In other words existing systems and procedures cover known circumstances and provide reasonable assurance for majority of risks.	This definition applies to the design of the control
Inadequate	The design of the control is not sufficient enough to give reasonable assurance that the risk will be mitigated. There may be no systems and procedures in place, or existing systems and procedures are obsolete and require review	This definition applies to the design of the control
Effective	The control operates in a manner that is effective in terms of being consistent, complete, reliable and timely.	This definition applies for the operating effectiveness of the control
Ineffective	The control does not or partially operates in a manner that is not effective in terms of being consistent, complete, reliable and timely.	This definition applies for the operating effectiveness of the control

Appendix G: Council Sites and Operations

Animal Management	
Arts & Culture	
Building Maintenance	
Cemeteries	
Community Development	
Council Land & Buildings	Includes: Building Safety; Hire of Council Facilities; Leasing Arrangements
Economic Development	
Emergency Management	Includes BCP
Event Management	
Financial Management	
Governance	Includes: Special Committees; Elected Members
Health - Inspections	Food and other health inspections (proactive and reactive)
Human Resources	
Information Technology	
Inland Waterways	
Library Services	
Planning & Development	Includes: Development Act; Development Assessment
Playgrounds /Nature Play / Outdoor Gym Equipment	
Procurement, Contracts, Tenders	Also covers Contract/Contractor Management
Rail Interfaces	Includes: Agreements, Risk Assessments
Regulatory	Includes: Parking Enforcement
Roads & Footpaths	Roads & Footpath Management
Smart Technology	Includes: Drones; Driverless Vehicles; CCTV; Electric Vehicle Charging Stations;
Sport/Recreation/Leisure	Includes Leisure Facilities/Services; Recreational Reserves - sport & non-sport
Swimming Pools	
Tree Management	
Tourism	Tourism - Visitor Centre
Volunteers	
Waste Management	Includes: Rubbish Collection; Recycling
Water Management	Includes: CWMS; Drainage