



TATIARA DISTRICT COUNCIL

RISK MANAGEMENT FRAMEWORK

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1 Introduction – Purpose of the Framework

The Tatiara District Council (TDC) 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 recognises that managing risk is part of governance and leadership, is fundamental to how the organisation is managed at all levels and will contribute to continuous improvement of its management systems.

Council's **Vision** states:

A vibrant, prosperous and connected community building its own opportunities

Our vision is at the heart of what we do, it describes the future and where we want to be. What will the Tatiara look like in ten years' time?

- **A vibrant district** confidently holding its own as the perfect place to live, work, play and invest.
- **A strong community** connecting people from diverse backgrounds and working together to achieve our shared aspirations.
- **A thriving economy** building on our agricultural advantage, location and innovation to attract business growth and investment.
- **A healthy environment** with flourishing green spaces and places enjoyed by our community and visitors alike.
- **Robust infrastructure** supporting our people and businesses.

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 risks is critical to Council achieving its objectives and meeting overall community expectations.

The Framework is designed to provide the architecture for a common platform for all risk management activities undertaken by Council, from individual functional, process or project-based assessments to whole-of-organisation assessments, with the aim of enabling comparative analysis and prioritisation of those assessments either individually or cumulatively.

The Framework will be approved every four years by the Executive Management team (Manex) and noted by Council. This document should be read in conjunction with Council's Risk Management Policy.

2 Purpose

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

This Framework:

- a) Aligns with the objectives of the Risk Management Policy;
- b) Establishes roles and responsibilities for managing risk;

- c) Documents a standardised, formal and structured process for assessment, treatment and monitoring of identified risks;
- d) Encourages innovation by integrating risk management into the strategic and operational processes across all departments of Council;
- e) Will assist Council in maximising its opportunities, whilst minimising any negative impacts identified during the risk management process;
- f) Establishes the process for all risks outside the defined risk tolerances to be escalated to the relevant Director / Manager and additional treatment options implemented;
- g) Sets out reporting protocols for relevant risk information to be provided to Council, Audit Committee, Executive Management Team (Manex) and across all Council departments; and
- h) Will support the development of a continuous improvement culture by integrating risk management processes into all Council functions.

3 Local Government Risk Services (LGRS)

From the perspective of the Local Government sector in South Australia, certain insurable risks have been transferred to several self-managed Schemes managed by Local Government Risk Services (LGRS) via payment of an annual contribution. The Schemes are:

- a) **Local Government Association Mutual Liability Scheme (LGAMLS)** for the purposes of Civil Liability coverage & claims management;
- b) **Local Government Association Workers Compensation Scheme (LGAWCS)** for the purposes of workers compensation coverage & claims management; and
- c) **Local Government Asset Mutual Fund (LGAMF)** for the purposes of asset and fleet coverage and claims management.

As a Member of all the above Schemes and Fund, Council must ensure that WHS, asset and risk management protocols are developed, endorsed and implemented across all departments.

LGRS provides Council with a range of fully funded and subsidised programs and support services to assist in managing risk across the organisation.

4 Risk Management Principles

The Australian standard for Risk Management Guidelines (AS ISO 31000:2018) describes 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.

AS 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
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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, considering 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

5 Risk Management Framework



5.1. Leadership and commitment

Council and its leadership team (Manex) will demonstrate leadership and commitment to ensure that risk management is integrated into all organisational activities by:

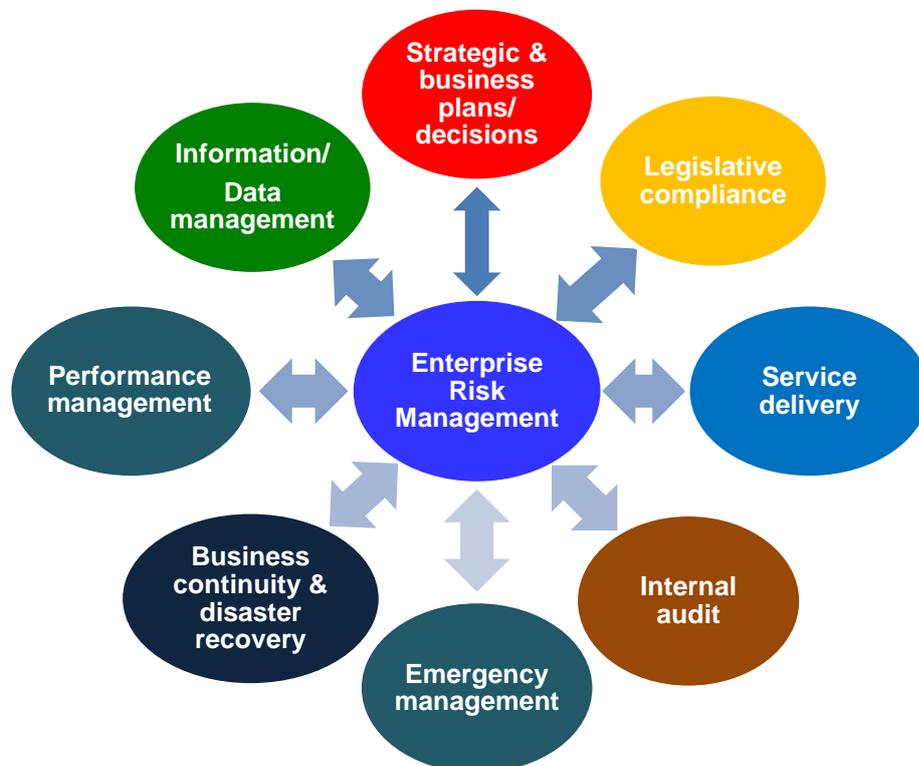
- a) Developing and implementing a risk management policy, framework and supporting tools and processes;
- b) Allocating appropriate resources for risk management; and
- c) Assigning roles, responsibilities and accountabilities with respect to risk management and communicating these at all levels of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

5.2. 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:



5.2.1. Enterprise Risk Management

Enterprise risk management encompasses Strategic and Operational Risk Management.

- Strategic Risks are identified by reference to both the external environment and Council's Strategic Management Plan objectives. Strategic risks are monitored by the Executive and Elected Member body, with all risk assessments captured in the Risk Register and recorded within Council's Record Management System.
- Operational Risks arise from Council's day-to-day departmental functions and operations to deliver essential services. Operational risks are monitored by Council's Executive and/or management teams.

5.2.2. 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 the achievement of Council's objectives or on the wider community.

Council members are expected to:

- a) consider 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.

5.2.3. Legislative Compliance

The *Local Government Act (SA) 1999* applies to the functions of Councils in South Australia, 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 (SA) 2012*. WHS is a critical component of Council's risk management system and addresses risks and hazards to workers whilst in the workplace.

5.2.4. 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).

5.2.5. Internal Audit

Internal audit is an independent, objective assurance 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 evaluating and improving the effectiveness of risk management, internal control and governance processes. The process of internal audit may result in the identification of new risks or more effective treatments for existing risks.

5.2.6. 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.

5.2.7. Business Continuity Plan / Information Technology Disaster Recovery Plan

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

- 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.
- Disaster Recovery Plan (DRP): 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.

5.2.8. 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.

The performance of Council's risk management program will be measured through three distinct categories:

Measure	Frequency
Compliance with the policy and related documentation	Annual

Foreseeable risks are identified and controlled within Council's risk appetite and tolerances, where reasonably practicable	Biannual
Tangible improvement in Council's risk evaluation outcomes and risk maturity modelling	Biennial

5.2.9. 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 a cyberattack, malicious intent or unauthorised release, should appropriate risk mitigation strategies not be in place.

5.3. Design

5.3.1. Understanding the organisation 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.

5.3.2. 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	<ul style="list-style-type: none"> • 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; and • Apply risk management principles to the decision-making process. • Monitor Council's strategic risks.

<p>Audit Committee</p>	<ul style="list-style-type: none"> • 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; and • Review reports from management and auditors and monitor that effective enterprise risk and opportunity management controls have been implemented.
<p>Chief Executive Officer (CEO)</p>	<ul style="list-style-type: none"> • 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; • 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; and • Regularly review Council's strategic and operational risks.
<p>Senior Management Team (Manex)</p>	<ul style="list-style-type: none"> • 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; • Incorporate 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); and • Review Councils Strategic Risks.
<p>Risk Management Coordinator</p>	<ul style="list-style-type: none"> • Provide guidance and assistance to all Managers and 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 reporting timeframes as required; and • Provide support and advice to Managers and staff in the application and use of the Risk Management Framework
<p>Employees, Volunteers & Contractors</p>	<ul style="list-style-type: none"> • Understand the risk management processes that are integrated into all Council activities; and • Identify, evaluate, report and manage risks in their daily activities and projects.

5.4. 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.

5.5. 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.

5.6. Improvement

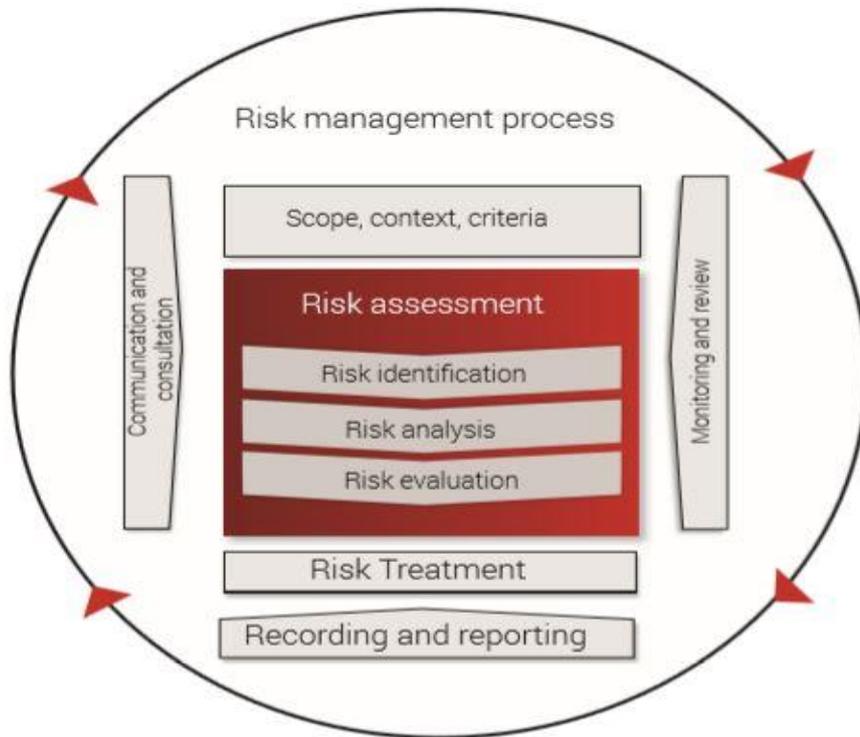
To maintain and improve the value of risk management to the organisation, Council will monitor and adapt its risk management framework, with a view to continually improve the suitability, adequacy and effectiveness of the risk management process.

6. 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 integrated into Council's organisational structure, operations and processes.

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

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



6.1. 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.

6.2. Scope, context and criteria

6.2.1. Defining the scope

Because the risk management process is applied at different levels throughout the organisation, it is important to define the scope and its 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 manage risk.

6.2.2. Defining the context

Defining the context is important because:

- a) Risk management takes place in the context of Council's objectives and activities; and
- b) Organisational factors can be a source of risk.

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 5.3.1.

6.2.3. 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.

6.3. Risk Assessment

6.3.1. 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):

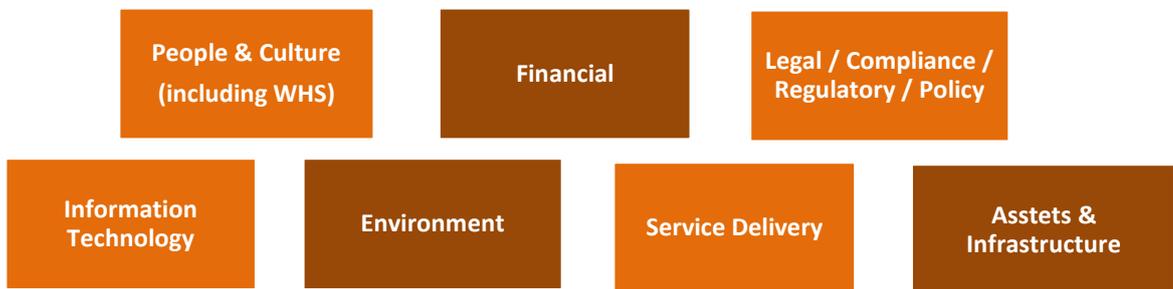
Strategic	Risks associated with high-level strategic goals that align to Councils Strategic, Annual and Business Plans. Strategic risks may affect the achievement of Council's corporate objectives. They are key issues for the management and impinge on the whole business rather than a business unit. These 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, WH&S, non-compliance to policies and procedures.
Project	Risks associated with Project Management that will affect milestones connected to delivering a specific project.

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 several questions that need to be asked to capture the information required:

- a) What might happen/ what could go wrong?;
- b) What is the cause?; and
- 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.

Capturing an additional level of detail with regards to risk areas assists in reporting and analysing trends. An example of this can be found in appendix G.

6.3.2. 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.

6.3.2.1. 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).

6.3.2.2. Risk appetite

The Management Team (Manex), 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.

In arriving at its risk appetite, Council will consider:

- a) The degree to which decision makers are permitted to expose Council to the consequences of an event or situation;
- b) Aggregated and interlinked risks to determine whether the cumulative level of risk is acceptable or not;
- c) Allowing for flexibility to adapt, given changing environment and circumstances to be built in; and
- d) Whether risk decisions made with full consideration of potential for reward.

Council’s risk appetite will be included in Council’s regular monitoring and review process of its risk management policy, framework and supporting documentation.

6.3.2.3. 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 Council’s tolerance levels. Risk tolerance can be described as the boundaries of risk taking outside of which the organisation is not willing accept in order to achieve its objectives.

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

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).

6.3.3. 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	<ul style="list-style-type: none"> • Add risk to Council’s Risk Register • Escalate risk issue immediately to CEO/Manex • CEO/Management Team to: <ul style="list-style-type: none"> ○ Refer risk to risk owner; ○ Identify and develop treatment strategies for immediate action; ○ Monitor and review actions/strategies; ○ Provide direction and information to relevant stakeholders; and ○ Inform the next meeting of the Audit Committee of the risk issue, the actions taken to mitigate the risk and the outcome (or current status). • Consider cessation/suspension of the activity giving rise to the risk until such time as CEO/Manex authorises its continuation and/or whilst other risk treatment strategies are being developed/implemented; • For WH&S related risks, the following applies: <ul style="list-style-type: none"> ○ Operation of item or activity shall not be allowed to continue until the risk level has been reduced; ○ Will commonly be an unacceptable level of risk; and ○ May include both short- and long-term control measures
High	<ul style="list-style-type: none"> • Add risk to Council’s Risk Register; • Escalate risk issue to Management Team/Risk Management area ; • Management Team to: <ul style="list-style-type: none"> ○ Refer to relevant risk owner; ○ Identify and develop treatment strategies with appropriate timeframes; ○ Monitor and review actions/strategies to manage risk to an acceptable level; ○ Provide direction and information to relevant stakeholders; and ○ Inform the next meeting of the Audit Committee of the risk issue, the actions taken to mitigate the risk and the outcome (or current status). • For WHS related risks, the following applies: <ul style="list-style-type: none"> ○ Reduce the risk rating so far as is reasonably practicable; and ○ Should only be an acceptable level of risk for ‘Major’ or ‘Catastrophic’ consequences.
Moderate	<ul style="list-style-type: none"> • Add risk to Council’s Risk Register; • Escalate risk to department manager; • Department manager to coordinate with relevant work group to: <ul style="list-style-type: none"> ○ Identify and develop treatment strategies with appropriate timeframes; and ○ Monitor and review actions/strategies to manage risk to an acceptable level. • For WHS related risks, the following applies: <ul style="list-style-type: none"> ○ Reduce the risk rating so far as is reasonably practicable. May be an acceptable level of risk.
Low	<ul style="list-style-type: none"> • Add risk to Council’s Risk Register. • Undertake localised risk management & actions (if required). • Review within the department parameters and routine procedures. • For WHS related risks, the following applies: <ul style="list-style-type: none"> ○ Reduce the risk rating so far as is reasonably practicable. Commonly is an acceptable level of risk.

6.4. Risk Treatment

Risk treatment can be conducted using a variety of methods. When looking at negative

risks, treatments are aimed at reducing or removing the potential for consequences occurring. However, when looking at positive risks, (opportunities) treatments look at ensuring that consequences are realised.

Risk treatment involves selecting one or more options for modifying either the likelihood or consequence of 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 consider all of Council's obligations, voluntary commitments and stakeholder views. Appropriate risk treatment options should have regard to Council's objectives, risk criteria and available resources.

Council will tolerate a level of risk, in accordance with the risk tolerances set out in section 6.3.2.3. Any risk that is rated above a tolerable level of risk should be escalated to the appropriate level, as set out in 6.3.3 to have a treatment plan in place.

6.4.1. 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 to eliminate the risk altogether
Share	Allocate risk to a third party, such as through appropriate contactor management, (noting however that S272 of the WHS Act voids any agreement or contract that purports to transfer any duty owed under the <i>Act</i> .)
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 several reasons including: <ol style="list-style-type: none"> 1. no extra treatments being available; 2. meets the stated target for the type of risk; 3. informed decision has been made about that risk; and 4. risk treatment is worth more than the risk exposure.

6.4.2. Control characteristics

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

- a) Documented (e.g. Policies, procedures, task lists, checklists);
- b) Systems-oriented (e.g. integrated and/or automated);
- c) Preventative (e.g. system controls) or detective;
- d) Consistent and regular (including during staff absence);
- e) Performed by competent and trained individuals;
- f) Clear responsibility and accountability;
- g) Create value (i.e. benefits outweigh costs);
- h) Achievable for the organisation (based on available resources);
- i) Evidenced; and

- j) Confirmed independently.

6.4.3. 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, (e.g. 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.

6.5. Monitoring and Review

6.5.1. 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 will:

- 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 mitigate risks.

It 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.

6.5.2. 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 allow for validation of risks to ensure that they remain relevant and adaptation 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.

6.5.3. 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 audits 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; and
- 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 and effective, as per Appendix E.

It is to be noted that the overall combination of the results of design adequacy and operating effectiveness will provide the overall rating of the control based on the table for overall rating in Appendix F.

6.5.4. Review of Risk Management Framework

The review of Council's risk management framework and processes will be scheduled for completion within 4 years from endorsement.

7. Recording and reporting

7.1. 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; and
- 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 General Disposal Schedule for Local Government.

7.2. 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.

7.2.1.Strategic Risks

Council will identify and record Strategic Risks on the central Risk Register. Strategic level risks are identified by Manex 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 (e.g. 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 Register for ease of monitoring and review.

Recording and reporting of Strategic level risks is the responsibility of the Director Corporate and Community Services via Manex and the Audit Committee.

7.2.2.Operational Risks

Council will record and maintain Operational risks on the central Risk Register, which is reviewed at least bi-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 Department Managers and workers.

7.2.3.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 Register. 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.

7.3. Risk reporting

7.3.1.Purpose

Risk Based Reports will draw data from the Risk Register and provide monitoring and profile information to Council, (via the Audit Committee,) and Manex 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

7.3.2.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 Departmental Managers, (or as otherwise required, e.g. 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 Risks 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
Any actions that are overdue by management for HIGH and EXTREME risks

8. Training

8.1. Workers

This Framework and supporting policies and tools will be made available to all workers through the intranet.

Risk Management awareness training is captured on Councils Training Needs Analysis, to ensure the effective implementation of this Framework.

Risk Management should be viewed as an overarching umbrella that sits 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 a 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.

8.2. 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.

8.3. Audit Committee

Audit committee members should, at a minimum, understand 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.

9. 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 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 each time.
Inherent Risk:	Risk at time of risk assessment without existing/current controls.
Internal Audit:	An independent, objective assurance activity that uses 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.
Manex	Senior Executive Management Team.
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.

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 willingness to bear the risk after risk treatment/control has been applied in order to achieve its objectives. It also
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. 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 Evaluation:	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 about 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.

	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 – either by reducing the likelihood or consequence.
Risk:	An event or uncertainty that will impact on the organisation’s ability 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 <i>high level</i> 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: Qualitative Measures of Consequence (excluding Project Risks)

Descriptor	Financial/Infrastructure	People	Reputation	Environment	Legal/Regulatory / Policy	Service Delivery
Insignificant	Financial – low financial loss <\$20,000 impact on operating result	No Injury/First Aid only. No impact on morale	Some complaints or negative comments on Council's social media (< than 3 people). No media/political attention.	Minor Instance of environmental damage. Can be reversed immediately	Immaterial legal, regulatory or internal policy failure. No penalty or liability	Insignificant interruption to a service – no impact to customers/business
Minor	Financial – medium financial loss >\$20,000 and <\$50,000.	Minor Medical attention. Negligible impact on morale	Some Local Media or Political Attention. Community Concern – little adverse effect	Minor impact to environment. Can be reversed in the short term	Minor legal or regulatory/internal policy failure – resolved without penalty & minor liability exposure	Minor interruption to a service with minimal impact to customers/business
Moderate	Financial – high financial loss >\$50,000 and <\$250,000.	Significant Injury requiring medical attention. Short Term effect on morale and business	Significant Media Attention. Significant Public interest. Potential for adverse local media or potential attention	Moderate impact to environment. Localised damage that has potential to spread and reversed with intensive efforts	A repeated legal, regulatory or internal policy failure. Resulting in a penalty and potential liability exposure	Moderate Interruption to service delivery. Customer impact up to 48 hrs. Partial BCP action may be needed
Major	Financial – major financial loss >\$2,50,000 and <\$1,500,000.	Serious Long-Term Injury. Temporary disablement. Significant impact on morale and business	Regional or State wide media Attention. Public interest. Long term effect on reputation	Severe Loss of environmental amenity, Danger of continuing environmental damage.	Systematic legal, regulatory or internal policy failure. Major penalty requiring full review. Significant liability exposure	Major interruption to service delivery, Customer impact > 7 days. Component of BCP action may be needed.
Catastrophic	Financial –catastrophic financial loss/exposure >\$1,500,000.	Major Injury/disablement or death. Long term effect on morale and performance of business	Community outrage about issue; community pages established on social media & high instance of posts on Council's social media pages. Organised community campaigning involving sustained coverage in state or national media.	Major loss of environmental amenity – irrecoverable environmental damage	Substantial failure in administering legal, regulatory and policy requirements. Significant penalty and liability exposure	Major interruption to delivery of all or most services for more than 14 days. Full BCP action required.

Consequence Table for Project Risks

RANK	Cost	Schedule	Performance	Reputation	Safety
Insignificant	< 2.5% of total Project Budget	< 2.5% of total Project Schedule	Would cause the delivered capability to be functionally fit for all desired missions or tasks, but there may be some qualification to the level to which it would perform non-critical elements of the mission or task. Few such qualifications would exist.	Little community interest, low profile, no media items	Minor injuries not requiring first aid treatment, or near miss
Minor	2.5-10% of total Project Budget	2.5-10% of total Project Schedule	Would cause the delivered capability to be functionally fit for all desired missions or tasks, but there would be some qualification to the level to which it would perform non-critical elements of the mission or task. Several such qualifications would exist.	Low impact, some passing interest, low media profile	Minor Medical attention. Negligible impact on morale
Moderate	10-14% of total Project Budget	10-14% of total Project Schedule	Would cause the delivered capability to be partly functionally fit for purpose (i.e. degraded ability to perform all desired missions or tasks; however, there are known workarounds). There would be some qualification to the level to which it would perform (e.g. due to issues of relationships, concurrency, etc.). Several such qualifications would exist.	Moderate impact, moderate public interest, public embarrassment, moderate media profile	Medical attention required. Short Term effect on morale and project outcome.
Major	15-19% of total Project Budget	15-19% of total Project Schedule	Would cause the delivered capability to be only partly functionally fit for purpose (i.e. degraded ability to perform some core missions or essential tasks or unable to perform non-core missions or tasks, and there are no known workarounds).	Sustained public interest, high negative media profile, Premier/Cabinet publicly involved, third party action	Serious Long-Term Injury. Temporary disablement. Significant impact on morale and project outcome.
Catastrophic	>20% of total Project Budget	>20% of total Project Schedule	Would cause the delivered capability to be functionally unfit for its intended purpose (i.e. unable to perform core missions or essential tasks).	Widespread public agitation, Government censure, high multiple impacts, widespread negative media profile	Death. Long term effect on morale and project outcome.

Appendix C: Likelihood Table

Likelihood	Explanation – Operations	Explanation – Projects/ Business Case	FREQUENCY
Certain to occur	It is expected to occur in most circumstances, 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
Very likely	Will probably occur in most circumstances – several times a year.	Could easily be incurred and has generally occurred in similar studies or projects.	Probably will occur
Possible	Might occur at some time - within a one – two-year period.	Incurred in a minority of similar studies or projects	Moderate probability of an incident
Unlikely	Could occur at some time - in a two - five-year time frame.	Known to happen, but only rarely.	Low probability of an incident
Rare	May occur only 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	Low	Medium	High	Extreme	Extreme
Possible	Low	Low	Medium	High	Extreme
Unlikely	Low	Low	Low	High	Extreme
Rare	Low	Low	Low	Medium	High

Appendix E: 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
Partially adequate	The control is designed in a way that will partially mitigate the risk and designed in a way to partially meet the design objectives.	This definition applies to the design of the control
Inadequate	The design of the control is not 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
Partially effective	The control partially 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 operate 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

Appendix F: Control Rating

Adequate	Effective	Effective
Adequate	Partially Effective	Partially Effective
Adequate	Ineffective	Ineffective
Partially Adequate	Effective	Partially Effective
Partially Adequate	Partially Effective	Partially Effective
Partially Adequate	Ineffective	Ineffective
Inadequate	Effective	Ineffective
Inadequate	Partially Effective	Ineffective
Inadequate	Ineffective	Ineffective

Appendix G: Detailed Risk Areas

Aerodromes	
Aged Care	Does not include independent living support – refer HACC
Animal Management	Dog and cat management, control of feral/pest animals
Arts & Culture	May include performing arts, (e.g. theatre productions) but does not include events – refer Event Management
Caravan Parks / RV Facilities	
Cemeteries/Crematoria	
Child Care	
Coastal & Inland Waterways	Includes: Beachfront, Boat Ramps; Jetties
Community Development	
Council Land & Buildings	Includes: Building Safety; Hire of Council Facilities; Leasing Arrangements
Economic Development	
Emergency Management	Includes BCP, workplace emergencies, community emergencies
Event Management	Includes Council organised events and third party events on Council land
Financial Management	Borrowings and other financial arrangements, debtors, creditors, rates and other revenue
Governance	Includes: Special Committees; Elected Members
HACC (Home And Community Care)	Includes: Home Maintenance and independent living support
Health - Inspections	Food and other health inspections (proactive and reactive)
Health - Provision of clinical services	e.g. Immunisation
Human Resources	Includes recruitment and retention
Information Technology	Including IT infrastructure, cyber security and data protection
Library Services	Including home library, mobile library etc.
Planning & Development	Includes: Development Act; Development Assessment; Section 7
Playgrounds/Outdoor Gym Equipment	Includes Nature Play
Procurement, Contracts, Tenders	Also covers Contract/Contractor Management
Rail Interfaces	Includes: Agreements, Risk Assessments
Regulatory	Includes: Parking Enforcement and fire prevention
Roads & Footpaths	Roads & Footpath Management
Smart Technology	Includes: Drones; Driverless Vehicles; CCTV; Electric Vehicle Charging Stations;

Swimming Pools	Does not include jetty pools or swimming enclosures – refer coastal and inland waterways
Tree Management	
Tourism	Tourism - Visitor Centre, information bays
Volunteers	
Waste Management	Includes: Rubbish Collection, recycling and waste transfer stations
Water Management	Includes: CWMS, drainage, stormwater management and recycled water
Sport/Recreation/Leisure	Includes Leisure Facilities/Services; Recreational Reserves - sport & non-sport

Record of Amendments

Date	Revision No:	Reason for amendment
13 th October 2020	Rev: 01	Original Issue