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# Risk Management Framework

## INFORMATION ABOUT THIS DOCUMENT

### Endorsement and Review

<b>Date Adopted by Council or Endorsed by the Chief Executive Officer:</b>	30 August 2023
<b>Resolution Number (if appropriate):</b>	
<b>Chief Executive Officer Signature (if appropriate):</b>	N/A
<b>Responsible Directorate:</b>	Governance, Risk and Planning
<b>Review Timeframe:</b>	
<b>Last Review Date:</b>	August 2023
<b>Next Scheduled Review Date:</b>	August 2025

### Document History

ECM No.	Date Amended	Details/Comments e.g. Resolution No.

### Further Document Information and Relationships

<b>Related Legislation*</b>	Local Government Act 2009 Local Government Regulation 2012
<b>Related Corporate Plan Outcome/Strategy</b>	KFA11.2 Develop, implement and administer Council's integrated risk management system and engage with Councillors and Officers to improve understanding and implementation.
<b>Related Policies</b>	Risk Management Policy
<b>Related Procedures, forms, documents, etc.</b>	International Risk Management Guidelines ISO 31000:2018 Strategic Risk Register Operational Risk Register Risk Assessment Template Risk Treatment Plan Template

*\*Note: Any reference to Legislation will be updated in the Management Policy as required. See website <https://shire.cc/en/> for current Acts and Regulations.*

## 1. Introduction

Shire of Cocos Keeling Islands Council's (the Council) vision for risk management is for all decision makers to be fully informed of risks, and that risks are effectively managed in the achievement of the Council's Strategic and Operational objectives. Risk management benefits the Council, rate payers and stakeholders by enabling new ideas to be explored and potential risks to be managed to minimise unacceptable impacts.

The Council is committed to continuing to improve our operational efficiency and find innovative ways of delivering our services to residents, ratepayers, businesses, and visitors without compromising service quality or elevating risks above a level that the Council is willing to accept.

Risk management plays a critical role in helping us understand the impacts and manage the risks associated with these priorities. It helps us determine an appropriate control environment and balance strategies to address risk so that we are using our resources efficiently and effectively. It involves making decisions and establishing governance systems that embed and support effective risk processes, as well as building an organisational culture that supports alertness, openness, and responsiveness to change.

The Risk Management Framework reflects good practice and sound corporate governance and is consistent with the risk management guidelines and principles of AS/NZS ISO 31000:2018 (the Standard).

The management of risk is the responsibility of everyone and is an integral part of the Council's culture, and is reflected in the various policies, protocols, systems, and processes used to ensure efficient and effective service delivery.

Sound corporate governance requires integrated risk management processes and strategic planning, reporting and performance measurement. The key to successful integration is streamlining the approach to managing risk by ensuring that everyone uses common language and documents their risks using a consistent approach.

To effectively embed risk management throughout the Council, all employees need to be aware of their responsibilities in relation to identifying, managing, communicating, and elevating risk.

We must be committed to continue to improve governance arrangements through strong leadership, responsible and ethical decision making, management and accountability, and performance improvement.

I ask you to put into practice the systematic process of risk management to ensure that we continue to deliver outcomes effectively and safely for the Cocos Islands Community.



Frank Mills  
**CHIEF EXECUTIVE OFFICER**

## 1.1 Shire Of Cocos Keeling Islands Council - Risk Management Framework

Shire of Cocos Keeling Islands Council Risk Management Framework effectively integrates the process for managing risk into the Council's overall governance and management practices, strategy, planning and reporting processes, policies and procedures and values and culture.

The Framework consists of, and is supported by, the following resources:

**Council Policy** Risk Management Policy - The Policy formalises Council's commitment to develop and maintain a risk management program to ensure that sound risk management practices and procedures are fully integrated into its strategic and operational processes and day to day business practices.

**Risk Management Framework Document** - This document is designed to be read in conjunction with the Policy and to guide, direct and assist Shire of Cocos Keeling Islands Council employees and contractors to better understand the principles of risk management and to adopt consistent processes for managing risks.

**Monitoring** - To be done on a regular and as needed basis, to enable the Council to confirm that risk management is relevant, effective, sustained and facilitates the achievement of its objectives.

**Reporting** - The Council is required to report to the Audit Committee and Council on the progress of the Council's risk program, including the adequacy of the Council's risk management systems and practices. Formal risk reporting occurs via quarterly reports on high and extreme risks, inclusive of the status of other risk management strategies such as business continuity and crisis management.

## 1.2 Framework Objectives

The key objectives of the Risk Management Framework are to:

- Support successful achievement of the Council's Corporate Business Plan, Annual Work Plan, Long Term Financial Plan, Asset Management plans, Workforce Plan, service functions and related plans, strategies and objectives;
- Embed a commitment to best practice for risk management throughout the Council's operations;
- Detail the process for escalating and reporting risks;
- Establish the roles and responsibilities for managing risk;
- Document accountability for the management and reporting of risks; and
- Support consistent risk management practices aligned to the Australian/New Zealand and International Risk Management Standard - AS/NZS ISO 31000:2018.

## 1.3 Our Vision

To embed risk management in all aspects of the business to allow for achievement of strategic and operational objectives, quality outcomes and service delivery.

Five objective areas will help to achieve the vision.

1. **Compliance** - To ensure Council makes decisions and undertakes actions in compliance with the ERM Framework.
2. **Right Quantity** - To ensure risk management profiles identify and consider all known potential risks to Councils' business operations.
3. **Right Quality** - To ensure all identified risks are managed in accordance with Councils' risk appetite and tolerance.
4. **Optimise Efficiencies** - To ensure Council takes full advantage of economic activities to find the best compromise among several often-conflicting requirements.
5. **Consistent language** - To ensure a universal methodology that allows for the entire Council to evaluate risk from the same perspective, timing of completion, levels of approval, types of risk assessments, risk ratings and definitions, and remediation and escalation process.

Each of the action areas contain key focus elements that are to be explored in each action area:

1. **Consultation and communication** - This is a key element to ensure that all stakeholders are provided with risk information as well as the opportunity to give input
2. **Leadership from the top** - Leaders visibly demonstrating their commitment to risk management.
3. **Organisational capability** - The capability of our people to apply risk management in their operations to support the business.

## 1.4 Our Approach

Our risk management is based on a holistically integrated approach to everything we do, where it looks at all functional units and determines internal and external sources that may impact the achievement of Councils' strategic direction and operational activities. We strive for an effective risk-based decision-making approach by embarking on a journey of continuous improvement. Our approach to achieving the strategy will focus around the three focus elements:

- Consultation and communication
- Leadership from the top
- Organisational capability

For our organisation to make the best decisions, it is important we consult and communicate with our people to continuously improve the risk management Framework. It is also important so that we can understand the needs to the business itself. This will include targeted workshops and access to information.

In addition, we will continue to assist leaders to ensure enterprise risk management is an organisational focus.

By doing so this will enable Council to achieve its overall risk vision as well as the Council’s objectives

## 2. Mandate and Commitment

The Council endorsed and adopted an updated Risk Management Policy at its meeting held on 30 August 2023. The Council Risk Management Policy is contained in the Council’s Policy Manual and is available through the Council’s website and intranet portal. An extract of the Policy and Appetite is provided **below**:



### Risk Management Policy

Responsible Officer

Chief Executive Officer

#### Intent

The Shire of Cocos (Keeling) Islands is committed to organisation-wide risk management principles, systems and processes that ensure consistent, efficient, and effective assessment of risk in all planning, decision making and operational processes.

#### Scope

This policy is applicable across the entire Shire of Cocos (Keeling) Islands organisation.

#### Definitions

Risk - AS/NZS ISO 31000:2009 defines risk as “the effect of uncertainty on objectives.”

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative, or a deviation from the expected. An objective may be financial, related to health and safety, or defined in other terms.

Risk Management - The application of coordinated activities to direct and control an organisation with regard to risk.

#### Principles – Framework - Process

The Shire of Cocos (Keeling) Islands considers risk management to be an essential management function in its operations. It recognises that the risk management responsibility for managing specific risks lies with the person who has the responsibility for the function, service or activity that gives rise to that risk.

Council is committed to the principles, framework, and process of managing risk as outlined in AS/NZS ISO 31000:2009.

The Shire of Cocos (Keeling) Islands will manage risks continuously using a process involving the identification, analysis, evaluation, treatment, monitoring, and review of risks. It will be applied to decision making through all levels of the organisation in relation to planning or executing any function, service, or activity.

In particular it will be applied to:

- Strategic planning
- Expenditure of large amounts of money



- New strategies and procedures
- Management of projects, tenders, and proposals
- Introducing significant change, and
- The management of sensitive issues.

#### **Risk Management Objectives**

- The achievement of organisational goals and objectives
- The ongoing health and safety of all employees at the workplace
- Ensuring public safety within the Council's jurisdiction is not compromised
- Limited loss or damage to property and other assets
- Limited interruption to business continuity
- Positive public perception of the Shire
- Application of equal opportunity principle in the workforce and the community.

#### **Responsibilities**

- Executives, managers, and supervisors have the responsibility and accountability for ensuring that all staff manage the risks within their own work areas. Risks should be anticipated, and reasonable protective measures taken.
- All managers will encourage openness and honesty in the reporting and escalation of risks.
- All staff will be encouraged to alert management to the risks that exist within their area, without fear of recrimination.]
- All staff will, after appropriate training, adopt the principles of risk management and comply with all policies, procedures and practices relating to risk management.
- All staff and employees will, as required, conduct risk assessments during the performance of their daily duties.
- The level of sophistication of the risk assessment will be commensurate with the scope of the task and the associated level of risk identified.
- Failure by staff to observe reasonable directions from supervisors regarding the management of risks and/or failure of staff to take reasonable care in identifying and treating risks in the workplace may result in disciplinary action.
- It is the responsibility of every department to observe and implement this policy in accordance with procedures and initiatives that are developed by management.
- Council is committed morally and financially to the concept and resourcing of risk management.

#### **Monitor and Review**

The Organisation will implement a robust reporting and recording system that will be regularly monitored to ensure closeout of risks and identification of ongoing issues and trends.

Risk management key performance indicators, relating to both organisational and personal performance will be developed, implemented, and monitored, by the Shire.



### 3. Purpose

The purpose of this Framework is to provide enterprise guidance for teams at all levels to take deliberate steps to improve their awareness, assessment, monitoring and treatment of risk.

### 4. Risk Appetite

#### 4.1 Overview

Council's risk appetite is defined as the amount and type of identified risk it is willing to pursue, retain, take, or turn away from in the achievement of goals and objectives. The establishment of the Risk Appetite Statement is intended to guide Council in their actions and ability to accept and manage risks. Through the risk management framework and its risk appetite statement, the Council will formally establish and communicate its risk appetite.

#### 4.2 Statement

Shire of Cocos Keeling Islands Council provides a diverse range of services across a variety of workplaces, in a regional location, which presents opportunities, threats and uncertainties that may have a positive or negative impact on the organisation's deliverables and the community. The Council seeks to manage these risks in accordance with its Risk Management Policy and Framework. Acknowledging that resources available to control risks are limited and the cost of any controls should be considered along with the value of expected benefits.

#### 4.3 Appetite

Council has an appetite for accepting a level of risk that appropriately balances the rights, expectations, and quality of life of the people we serve, with the obligations to provide a safe working environment for our staff, and that provides for continuity and sustainability of the provision of services and growth of the organisation.

Council's tolerance to risk will vary depending on the level and type of risk. Council is committed to an integrated approach to risk management and recognises that to minimise uncertainty and maximise opportunities it will need to accept some level of well managed risk to be better informed, more decisive and move with increased confidence in pursuit of achieving key strategic objectives.

#### 4.4 Risk Tolerances

**People:** The safety of employees, contractors and the public is an explicit priority for Council. Safe working practices are continually being improved and refined and there is no appetite for employees not following due process where their or others safety may be at risk. Due to the scale, nature (24 hr operations), locations and diversity of Council deliverables, it is realistic to acknowledge that minor injuries may occur from time to time, however the Council has a low tolerance for these as the aim is to have Lost Time Injuries (LTI's) at zero. However, the Council has no tolerance for work practices that result in major injuries or fatality. Where injuries or near misses occur legislative requirements and the endorsed Council's safety management system are to be followed.

The Council seeks opportunities to develop a multi-skilled workforce that includes employees increasing their skills and knowledge as well as encouraging initiative and enthusiasm. Whilst these are considered positive aspects, the Council has no appetite for employees performing duties for which they are not suitably qualified or trained or acting outside of their delegated authority. Where legislative requirements allow and/or formal qualifications and



training are not required to perform certain duties, the Council has a moderate tolerance, but appropriate supervision and oversight of activities and outcomes must be in place.

The Council has a low appetite for implementing practices and procedures that may result in large scale dissatisfaction within the workforce. The Council will, within established guidelines and practices, consult with its workforce but does have a moderate tolerance for change that impacts its workforce when focused on delivering appropriate, effective, and efficient outcomes.

**Financial:** There is a low appetite for activities that threaten the long-term financial stability of the Council. It is recognised however that sustainability will require investigation into enhancing and/or diversifying income streams so there is a moderate tolerance for discrete activities or projects that may provide additional income streams or enhances economic diversity. Opportunities of this nature may require external stakeholder support and are expected to be subject to due diligence and appropriate controls implemented.

The Council's investment policy stipulates a very low appetite for risks in investments, which is imposed by legislation. There is no appetite for being illiquid with the focus on maintaining liquidity within imposed statutory financial ratios.

Effective management of projects is important to Council and consequently there is a no appetite for project cost or time overruns exceeding \$20,000.00 or a 10% variation or whichever is greater. Acknowledging a historical legacy, multiple external stakeholders, and complexities a low tolerance towards project cost and time overruns exists but appropriate reporting and escalation are to occur, and lessons learnt from these are to be reviewed to prevent reoccurrence.

**Operations/ Service Delivery:** The Council has no appetite for unplanned service disruptions to critical and core services, including contracted services, as defined by the Council's business continuity management process. There exists a low tolerance for disruption to core services which are to be addressed within recovery time objectives established in the Council's business continuity plans. There is a low appetite for disruption to other supplementary services which may be relaxed to a moderate tolerance recognising that resources may need to be directed to the continuity of critical and core services. To support service delivery across all of Council deliverables there is a very low appetite for Information Technology systems failures, data loss or security breaches.

The Council wishes to encourage innovation and to position itself as a leader and therefore has a moderate appetite for considering and implementing service level enhancements and efficiencies when aligned with all other aspects of this risk appetite statement.

Due to their high-level nature, internal and external change, and relevance to day-to-day services the Council currently has a moderate appetite to risks that may result in strategic objectives not being achieved.

**Environmental:** The Council has no appetite for not fulfilling its obligations to the built and natural environment including management of contaminated sites, sensitive or high-profile sites, waste services or the Council's preparation, planning, response, and recovery to hazards. The Council recognises the multiple stakeholders and responsibilities involved in fulfilling the obligations and needs to accept a very low tolerance to those environmental risks.

**Reputational:** The Council has a low appetite for reputational risks that may result in substantiated complaints from the community and/or key stakeholders. It is recognised the Council has a diverse community and stakeholder needs and expectations and therefore accepts a moderate tolerance for complaints.

The Council has a low appetite for sustained and substantiated negative media coverage. The Council has no appetite for the provision of inaccurate qualified advice or unethical actions, and a low tolerance for errors in unqualified advice or the provision of information.

**Compliance:** The Council has obligations both mandated and recommended through numerous statutory and regulatory requirements and the Council has no appetite for non-compliance, breaches of legislation or regulatory requirements or non-reporting of breaches and non-compliance to appropriate authorities. There is recognition that the Council must accept a very low tolerance for some non-compliance due to competing or changing requirements or minor breaches from time to time.

The Council does have a moderate appetite to lead challenges to out of date, restrictive and unnecessarily risk-averse legislation, and requirements.

The Council has no appetite and no tolerance for theft, fraud, or misconduct by Elected Members and/or Officers.

## 5. Governance Structure

### The Three Lines of Defence Assurance Model

The Council's utilises the "Three Lines of Defence" assurance model as the foundation for its governance approach to risk management. This Model ensures the roles, responsibilities and accountabilities for decision making are structured to demonstrate effective governance and assurance. The Three Lines of Defence are described below:

**First Line** - All the Council's Business Units are considered "First Line". Within the scope of operations, all operational areas and management are responsible for ensuring risks are managed in accordance with the Council Policy (ref) - Risk Management, the Risk Management Framework and prescribed legislation and guidelines, as well as other related policies, procedures, and work instructions.

**Second Line** - The Governance Unit is considered as the primary "Second Line", through the implementation and management of the Council's Risk Management Framework, whilst also providing support to the First Line, including producing a transparent oversight of risk management and reporting on risk information. The Manager Governance oversees the implementation of the Framework, and

**Third Line** - Internal and External Audit that provides independent assurance on the effectiveness of risk management activities and oversight of the efficacy of the First and Second Lines of Defence. The scope of which is determined by the CEO, the Audit Committee and Council.

**Internal Audit** - The Council's Internal Auditor reports on the adequacy and effectiveness of control processes and procedures through the Council's Internal Audit Plan (currently under development).

**External Audit** - An External Auditor/s appointed by Council on recommendations of the Audit Committee to report independently to the Audit Committee on the Council’s financial statements.

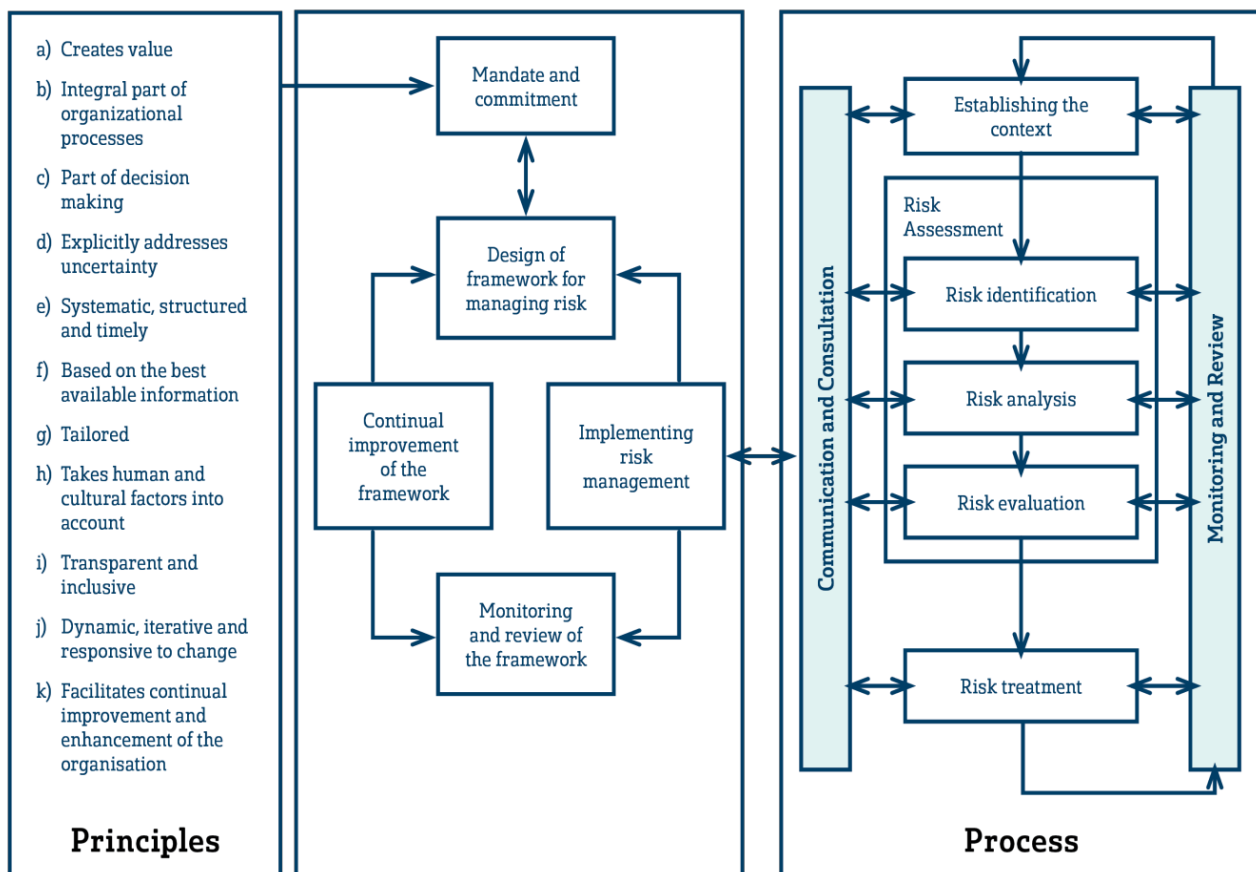
The Risk Management Framework has been developed and will be implemented in line with this Governance Model.

## 6. Risk Management Standard

The Council’s Risk Management Framework is aligned to AS/NZS 31000:2018 Risk Management - Principles and Guidelines (the Standard).

The Council’s approach to risk management is driven by the set of principles and guidelines within the Standard, which guide how risk is managed effectively and efficiently at all levels. This is summarised in Figure 1:

Figure 1: Risk Management Process (Source AS/NZS 31000:2018)



# Risk Management Framework

## 7. Shire of Cocos Keeling Islands Council Context

To ensure adequate alignment and consistency of risk management practices throughout the Council, the below provides the context for which risks are defined, identified and managed.

Plans	Risk Definition	Accountability
<b>Corporate Plan</b>	<b>Strategic Risks</b>	<b>Executive Leadership Team</b>
The Community Plan articulates the long-term strategic direction and guides the Council’s planning process. It outlines the communities’ aspirations and vision as well as identifying the strategies that the Council is intending to implement to achieve its objectives. The corporate plan sets the priority objectives and goals.	<ul style="list-style-type: none"> <li>Identified through analysis of both the Community Plan and Corporate Plan and what can impede the organisation from delivering on strategic objectives as well as reviewing past performance and risks to determine future challenges and new priorities.</li> <li>Risks usually identified from the external environment, that affect the decisions made around organisational priorities, resource allocation, tolerance, and acceptance of risk.</li> </ul>	
<b>Operational plan</b>	<b>Operational Risks</b>	<b>Business Unit Managers</b>
Annual plans that identify the Business Unit’s key accountabilities in implementing the Council’s operational plan, key strategies, and targets. Plans are developed through a process of environmental scanning and reviewing past performance and risks to determine upcoming challenges and new priorities	<ul style="list-style-type: none"> <li>Risks or opportunities that may affect achieving the objectives of the Business Unit outcomes of performance, identified through Business Unit Plans, Specific Purpose Plans, programs of change, or hazard assessments. These risks usually result from inadequate or failed internal processes, people, and systems.</li> </ul>	

# Risk Management Framework

Plans	Risk Definition	Accountability
<b>Program plans</b>	<b>Strategies &amp; Policies</b>	Program Lead/Sponsor
Plans for implementing business strategies, policies and initiatives, or large-scale change, to achieve a desired outcome and benefits of strategic importance.		
<b>Safety Management System</b>		All Staff
The Council's systematic approach to managing safety, including organisational structures, accountabilities, policies, and procedures.	<ul style="list-style-type: none"> <li>Safety risks can cause harm or adverse effects (to individuals as health effects or to the Council as property or equipment losses).</li> </ul>	
<b>Project Plans</b>	<b>Project Risks</b>	Project Staff
Formal, approved documents used to guide both project execution and project control.	<ul style="list-style-type: none"> <li>Events or set of circumstances that, should they occur, will influence the achievement of one or more project objectives.</li> </ul>	
<b>Local Emergency Management Plans</b>	<b>Emergency Management Hazards/Risks and Public Hazards</b>	Disaster Management and Community Resilience with support from other units and external agencies
Series of plans that identify hazards, risks and their mitigation, response to and recovery from emergency events. Detailed plans for response and recovery are linked to the District and State Emergency Management Plans.	Risks and hazards which: <ul style="list-style-type: none"> <li>Would pose a threat to life, property, or the environment.</li> <li>Would require a large-scale emergency response.</li> <li>Would require support / action from the Council.</li> </ul>	

## 8. Risk management Process

The Council’s risk management process is designed to ensure that risk management decisions are based on a robust approach, assessments are conducted in a structured and consistent manner, and common language is used and understood throughout the organisation. In line with the Standard, the elements of the Council’s risk management process are outlined below, with a brief description of each of the process articulated in the below table:

Process Step	Description	Purpose
Communication and Consultation	Involving stakeholders (internal and external) and information sharing throughout the risk management process, across the Council.	<ul style="list-style-type: none"> <li>Context is appropriately defined;</li> <li>Staff that are involved throughout the risk process understand the basis for decisions and actions required; and</li> <li>Lessons learnt are shared and transferred to those who can benefit from them.</li> </ul>
Establish Context	Understanding the Council’s objectives and defining the external and internal environment within which the Council operates.	<ul style="list-style-type: none"> <li>Understand the critical success factors influencing the ability to achieve objectives; and</li> <li>Determine boundaries within which the Risk Management Framework operates using the Council’s Risk Assessment and Acceptance Criteria (Appendix A).</li> </ul>
Process Step	Description	Purpose
Risk Identification	Identifying risks, its sources, causes and potential consequences.	<ul style="list-style-type: none"> <li>Refer to the Council’s Risk Assessment &amp; Acceptance Criteria to ensure risks are assessed in a consistent manner; and</li> <li>Generate a comprehensive list of threats and opportunities based on the critical success factors that might enhance, prevent, degrade, accelerate, or delay the achievement of set objectives.</li> </ul>
Risk Analysis	Comprehending the nature of the risk and determining the level of risk exposure (likelihood and consequence).	<ul style="list-style-type: none"> <li>Provide an understanding of the residual (level of exposure should controls fail) and controlled risk (level of exposure with controls in effect);</li> <li>Utilise the Council’s Measures of Existing Controls in identifying ineffective controls;</li> <li>Determine relevant consequence categories to rate the residual risk; and</li> <li>Combine the measures of consequence and likelihood to determine the level of risk.</li> </ul>
Risk Evaluation	Comparing the risk analysis with the risk criteria to determine whether the risk is acceptable or tolerable.	<ul style="list-style-type: none"> <li>Determine whether the controlled risk aligns with the Council’s risk appetite;</li> <li>Determine if controlled risks need further treatment; and</li> <li>Identify priority order in which these risks should be treated.</li> </ul>

# Risk Management Framework

Process Step	Description	Purpose
Risk Treatment	<ul style="list-style-type: none"> <li>Selecting one or more options for treating the risk.</li> <li>Reassessing the level of risks with controls and treatments in place (residual risk).</li> </ul>	<ul style="list-style-type: none"> <li>Identify treatments for risks that fall outside the Council's risk appetite;</li> <li>Provide an understanding of the residual risk (level of risk with controls and treatments in place); and</li> <li>Identify priority order in which individual risks should be treated, monitored, and reviewed in line with the Council's risk assessment &amp; acceptance criteria.</li> </ul>
Monitoring and Review	<ul style="list-style-type: none"> <li>Determining whether the risk profile has changed and whether new risks have emerged.</li> <li>Checking control effectiveness and progress of the treatment plans.</li> </ul>	<ul style="list-style-type: none"> <li>Identifying emerging risks;</li> <li>Provide feedback on control effectiveness;</li> <li>Identify whether any further treatment is required;</li> <li>Provide a basis to reassess risk priorities;</li> <li>Capture lessons learnt from event failures, near -misses and success; and</li> <li>Monitor risk controls and actions through the risk registers</li> </ul>



## 9. Risk Treatment

For risks which fall outside of the Council's risk appetite, determine treatment options that may improve existing controls and/or reduce consequence/likelihood to an acceptable level.

Risk treatments may involve actions such as avoid, share, transfer or reduce the risk. The treatment selection and implementation may be based on:

- Cost versus benefit,
- Ease of implementation; and
- Alignment to organisational values and objectives.

The purpose of risk treatment plans is to document how the chosen treatment options will be implemented. A comprehensive risk treatment plan should be prepared for all High and Extreme risks. The information provided in treatment plans should include:

- Risk ID, risk description, risk level
- the reasons for selection of treatment options, including expected benefits to be gained,
- those who are accountable for approving the plan and those responsible for implementing the plan (e.g., Risk owner);
- proposed actions;
- resource requirements including contingencies
- plan to monitor implemented controls;
- reporting requirements (e.g., Council action, Audit Committee action, Executive Leadership Team action etc.); and
- timing and schedule.

## 10. Monitoring, Review and Reporting Escalation

The Council will review all Risk Profiles in line with the Risk Assessment & Acceptance Criteria or if triggered by one of the following:

- changes to context;
- a treatment is implemented; and
- an incident occurs or due to audit/regulator findings.

The Manager Governance will monitor the status of risk treatment implementation and report on progress, if required.

The CEO and Executive will monitor high risks and treatment implementation as part of their normal Executive leadership team agenda item with specific attention to be given to risks that meet any of the following criteria:

- Risks with a Level of Risk of High or Extreme,
- Risks with an Inadequate Existing Control Rating;
- Risks with a Consequence Rating of Catastrophic; and

- Risks with a Likelihood Rating of Almost Certain.

The risk register enables staff to document, manage, monitor, review and update strategic, operational, hazard or project risk information. Risk register reporting allows the Council to monitor and review risks in alignment with the Community Plan, Corporate Plan, Operational Plan, Business Unit Plans, programs and other cascading plans.

Information from the risk management process is to be recorded, reported and monitored using the Council's various risk register templates. The Council records risks on offline risk register templates used for projects, programs, events and hazard assessments. This information is kept on spreadsheets

## 11. Training and Education

The Council has clarified roles, responsibilities, accountabilities, and delegations at all levels. The Council's Risk Management Framework is to be embedded through several communications, training and support systems, including training.

To ensure that adequate risk management competency levels are achieved and maintained, the Council provides regular training courses in the risk management process and its application in the Council.

Specific risk management training sessions will be held on an annual basis, aimed at providing an overview of the Risk Management Framework. The training will be provided by the Governance Team. Additional ad-hoc training will be provided as required.

This training is designed to increase the knowledge and awareness of staff and management in several risk management topics including:

- risk management principles and process;
- fraud and misconduct awareness;
- environmental management.

## 12. Responsibilities

Council is committed to making the necessary resources available to assist those with responsibilities as detailed in this document.

Role	Responsibility
<p align="center"><b>Council</b></p>	<p>Accountable for managing risk in the exercise of policy setting and decision-making powers and considers advice relating to risk management contained in Council reports.</p> <ul style="list-style-type: none"> <li>• Endorse and adopt a Risk Management Policy and Framework that complies with the ISO 31000: 2018 International Risk Management Standard;</li> <li>• Appoint External Auditors to report on the Council's financial statements annually;</li> <li>• Establishes and maintains the Audit Committee according to the Local Government Act 2009.</li> <li>• Appoint and resource the Audit Committee;</li> <li>• Provide adequate budgetary provisions for the financing of risk management including approved risk mitigation activities; and</li> <li>• Approve and endorse the Council's Risk Appetite Statement to guide risk management and apply risk management in decision making.</li> </ul>
<p align="center"><b>Audit and Risk Committee</b></p>	<ol style="list-style-type: none"> <li>1. The role of the Audit and Risk Committee is to oversee that the Council carries out its responsibilities for accountable financial management, good corporate governance, fostering an ethical environment and maintains a system of internal control and risk management. They have been constituted to monitor and report on the systems and activities of Council in ensuring:</li> <li>2. Compliance with applicable legislation and regulations;</li> <li>3. Effective monitoring and control of all identified strategic and operational risks;</li> <li>4. Effective and efficient internal and external audit functions;</li> <li>5. Adequacy of the Council's risk management systems and practices; and</li> </ol>

	<p>6. The effectiveness of appropriate Crisis Management, Business Continuity and Disaster Recovery planning.</p>
<p><b>Chief Executive Officer</b></p>	<ul style="list-style-type: none"> <li>• Provide leadership and champion a strong risk management culture by embedding risk management and maintaining organisational risk focus across the Council at strategic, operational and project management levels;</li> <li>• Responsible for raising awareness and leading the culture of managing risk across the organisation;</li> <li>• Accountable for the effective implementation and maintenance of risk management policies and processes across the organisation; and</li> <li>• Responsible for ensuring strategic risks are regularly reviewed and reported to the Audit Committee as required.</li> </ul>
<p><b>Executive Leadership Team</b></p>	<p>Responsible for leading and maintaining an enterprise- wide risk management culture across the organisation and ensuring that the risk management policy and framework are effectively implemented and embedded within the culture of Council’s day-to-day business.</p> <ul style="list-style-type: none"> <li>• Executive Sponsor for Risk Management;</li> <li>• Provide leadership, organisational awareness, and engagement of risk management; and</li> <li>• Ensure the appropriate allocation of resources for risk management activities.</li> </ul> <ul style="list-style-type: none"> <li>• Accountable for implementing risk management practices within their area of responsibility. This includes ensuring that risks are identified, managed, reviewed, reported, and updated regularly including:</li> <li>• Ensuring that assets and operations, together with liability risks to the community are appropriately managed,</li> <li>• Raising awareness and leading the culture of managing risk responsibly across the organisation by ensuring that risk management policies, procedures, standards, guidelines, and treatment plans are implemented in everyday business practices;</li> </ul>

<p><b>Manager Governance, Risk and Planning</b></p>	<ul style="list-style-type: none"> <li>• Responsible for overseeing the development, facilitation and implementation of the Council’s Risk Management Policy and Framework;</li> <li>• Work with the Council’s business units to assist with the implementation of the Risk Management Policy and Framework;</li> <li>• Provision of advice, consultancy and recommendations on risk management to the organisation;</li> <li>• Regular monitoring and review of risks, including reporting, within the Council’s approved governance framework, to the Risk Management Steering Committee and Audit and Risk Committee;</li> <li>• Develop and oversee the Council’s Crisis Management and Business Continuity Planning, including providing support and training to relevant staff; and</li> <li>• Facilitate education, communication, and training programs for relevant staff, on Risk Management, Crisis Management and Business Continuity.</li> </ul>
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# Risk Management Framework

<p><b>All Staff</b></p>	<p>All staff are responsible for managing project risks in their areas of responsibility. and are responsible for applying risk management practices in their business activities.</p> <p>This involves:</p> <ul style="list-style-type: none"> <li>• Undertaking activities in accordance with policies, procedures and work instructions;</li> <li>• Identifying, analysing, evaluating, treating and reporting risks within their respective areas of work;</li> <li>• Maintaining awareness of current and potential risks that relate to areas of responsibility and across the organisation,</li> <li>• Positively contributing to Council’s risk management culture; and</li> <li>• Supporting the integration of risk management into all aspects of their business.</li> </ul>
<p><b>Internal Auditors</b></p>	<p>Provides an independent review function to Council. In accordance with an agreed Internal Audit Plan, the internal audit conducts regular reviews across Council’s activities and identifies areas of risk and scope for improvement. The Internal Auditor is to provide assurance on the effectiveness of risk management in the following areas of focus:</p> <ul style="list-style-type: none"> <li>• Risk management processes;</li> <li>• Evaluation of risks;</li> <li>• Management of key risks; and</li> <li>• Reporting on key risks.</li> </ul>
<p><b>Risk Management Steering Group</b></p>	<ul style="list-style-type: none"> <li>• Promote and champion a strong risk management culture by embedding risk management and maintaining organisational risk focus across the Council at strategic, operational and project management levels;</li> <li>• Monitor and review the Risk Management Policy, Framework and associated policies and standards</li> </ul>

# Risk Management Framework

	<p>relevant in managing potential risk exposure to the Council, every 2 calendar years;</p> <ul style="list-style-type: none"> <li>• Endorse and raise awareness of the Council's Risk Appetite;</li> <li>• Monitor and review the risk information and including evaluative criteria which is used within the Council;</li> <li>• Ensure that risk information is considered and integrated into corporate and business planning processes; and</li> <li>• Review the effectiveness of the Council's Crisis Management, Business Continuity and Disaster Recovery planning.</li> </ul>
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	People	Financial	Service Delivery/Strategic Objectives	Compliance	Reputation & External Stakeholders	Environmental
<b>Insignificant</b>	Incident only, no medical treatment required.	Within budget and operational expectations or <100K recurrent reduction in Council budget or <\$200K one off loss.	Negligible impact on delivery of key service to the community. Unscheduled interruptions of < 1 day Negligible impact on objectives.	Negligible statutory or regulatory breach or compliant, no warning, no penalty. Negligible legal consequences. Negligible breach of contract. Resolved by day-to-day management.	Negligible adverse impact that can be remedied immediately. Insignificant public comment or local media coverage.	Negligible environmental or heritage harm
<b>Minor</b>	Minor injuries treated by first aid, routine industrial issues.	>\$100K-\$1M recurrent reduction in Council budget or \$200K-\$1M one off loss.	Short-term impact on delivery of key service to the community. Unscheduled interruptions of 1-3 days. Minor setbacks that are easily remedied.	Minor statutory or regulatory breach, minor complaint Potential for litigation with likely favourable outcomes that can be resolved by day-to-day management.	Adverse impact that is short-term. Heightened concerns from a narrow group of residents, one off negative media coverage.	Minor environmental or heritage harm within existing approvals and no compliance impact.
<b>Moderate</b>	Serious injury requiring medical treatment, staff turnover slightly higher than 20%, one off industrial issues.	>\$1M-\$2M recurrent reduction in Council budget or >\$1M-\$5M one off loss	Significant delays to delivery of key service to the community. Unscheduled interruptions of 3- 14 days. Some of the organisation's objectives cannot be met.	Statutory or regulatory breach and moderate fines. Warning or Improvement Notice issued. Likely litigation with uncertain outcomes. ELT intervention required.	Adverse impact with potential for medium-term reputational and/ or political damage. Concerns from cross section of public, ongoing negative metro media coverage.	Short term environmental or heritage harm and no compliance impact.
<b>Major</b>	Life threatening injury or multiple serious injuries requiring hospitalisation, fatality, staff turnover well above 20% ongoing industrial action.	\$2M -\$5M recurrent reduction in Council budget or >\$5M - \$10M one off loss.	Extended significant delays to delivery of key service to the community. Unscheduled interruptions of 14-30 days. Some important objectives of the organisation cannot be met.	Serious statutory or regulatory breach with fines and public exposure. Litigation with probable negative outcomes. Contract breach with penalties that cannot be absorbed within current budget.	Impacts requiring long-term remedial attention. Lasting damage to reputation and/ or political standing. Significant outcry from public, significant negative state level media coverage.	Long term environmental or heritage harm and/ or non- compliance.

<b>Catastrophic</b>	Multiple fatalities, sustained and serious industrial action, loss of multiple staff at once.	>\$5M recurrent reduction in Council budget or >\$10M one off loss.	Inability to deliver operational functions. Inability to deliver service to the community. Unscheduled interruptions >30 days. Most of the organisation's objectives cannot be met.	Significant statutory or regulatory breach resulting in staff dismissal. Significant adverse judgement. Contract breach with penalties that may result in significant damage to Council.	Irreversible political damage to brand and reputation. Significant and widespread public outcry, sustained negative national media coverage.	Irreparable long term environmental or heritage harm and compliance sanction.
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CODE	LIKELIHOOD	QUALITATIVE DESCRIPTOR	PROBABILITY OF OCCURRENCE
5	Almost certain	Is expected to occur in most circumstances. Experience/Data strongly suggests it will happen.	Greater than 95%
4	Likely	Will probably occur in most circumstances. Experience/Data suggests comparable events have occurred	66% to 95%
3	Possible	Might occur at some time	36% to 65%
2	Unlikely	Could occur at some time, improbable under normal conditions.	5% to 35%
1	Rare	Unforeseeable or may occur only in exceptional circumstances	less than 5%

**EVALUATION MATRIX**

LIKELIHOOD		CONSEQUENCE				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
5	Almost certain	Medium	Medium	High	Extreme	Extreme
4	Likely	Medium	Medium	High	Extreme	Extreme
3	Possible	Low	Medium	Medium	High	Extreme
2	Unlikely	Low	Low	Medium	Medium	High
1	Rare	Low	Low	Low	Medium	Medium

RATING	DESCRIPTION
<b>Effective</b>	<ol style="list-style-type: none"> <li>1. Existing controls exceed current legislated, regulatory and compliance requirements, and surpass relevant and current standards, codes of practice, guidelines and industry benchmarks expected of this organisation;</li> <li>2. Subject to continuous monitoring and regular testing.</li> </ol>
<b>Adequate</b>	<ol style="list-style-type: none"> <li>1. Existing controls are in accordance with current legislated, regulatory and compliance requirements, and are aligned with relevant and current standards, codes of practice, guidelines and industry benchmarks expected of this organisation;</li> <li>2. Subject to continuous monitoring and regular testing.</li> </ol>
<b>Inadequate</b>	<ol style="list-style-type: none"> <li>1. Existing controls do not provide confidence that they meet current legislated, regulatory and compliance requirements, and may not be aligned with relevant and current standards, codes of practice, guidelines and industry benchmarks expected of this organisation;</li> <li>2. Controls not operating as intended and have not been reviewed or tested.</li> </ol>

**ACCEPTANCE CRITERIA**

RISK RANK	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
<b>EXTREME</b>	Risk only acceptable with effective controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to <u>monthly</u> continuous monitoring Quarterly reports will be provided to Council through the Audit Committee on all Extreme Risks.	CEO
<b>HIGH</b>	Risk acceptable with effective controls, managed by senior management / executive and subject to <u>monthly</u> monitoring Quarterly reports will provided to Council through the Audit Committee on all High Risks.	Manager / CEO
<b>MEDIUM</b>	Risk acceptable with adequate controls, managed by specific procedures and subject to <u>semi-annual</u> monitoring	Business Unit Manager /
<b>LOW</b>	Risk acceptable with adequate controls, managed by routine procedures and subject to <u>annual</u> monitoring	Business Unit Manager

## Summary of Key Risk Management Activities

Action	Description	Responsibility	Timeframe
<b>Review Risk Management Policy</b>	Review the currency and effectiveness of Council's Risk Management Policy	Governance to facilitate review process.  Council to adopt following review by the Audit and Risk Committee.	Every four years (or within 12 months of new Council being elected).
<b>Review Risk Management Framework</b>	Review the currency and effectiveness of Council's Risk Management Framework, including Council's risk appetite statement, risk rating matrix and consequence/likelihood tables.	Governance to facilitate review process.  Executive Team to endorse followed by review by the Audit and Risk Committee.	Biennially
<b>Review Strategic Risk Register</b>	Review risks and controls contained in Council's Strategic Risk Register and identify new or emerging risks at this level.	Governance to facilitate review process.  Executive Leadership Team and Audit and Risk Committee responsible for reviewing and providing feedback and advice on content.	Executive Team to review Strategic Risk Register biannually and review strategic risks treatments with a quarterly.  Council to review following meetings of the Audit and Risk Committee.
<b>Review Operational Risk Register</b>	Review risks and controls contained in Council's Operational Risk Register and identify new or emerging risks to operational business units.	Governance to facilitate workshops for identification of risks process.  Risk Owners responsible for monitoring and reporting content.	Risk Owners to review operational Risk Registers in accordance with escalation levels and report to Audit Committee quarterly on high and extreme risks

<b>Annual Report</b>	Detail risk management activities undertaken during the previous financial year and any relevant risk management issues.	Governance	Annual
<b>Investment Policy</b>	Ensure Council's Investment Policy outlines the organisations overall risk philosophy (as per s191(2)(a) of the Local Government Regulation 2012).	Manager of Finance and Corporate Services	Annual
<b>Internal Audit Plan</b>	Ensure Council's Internal Audit Plan includes statements about the way in which Council's operational risks have been evaluated, which are the most significant and the control measures adopted or to be adopted to manage these risks (as per s207(2) of the Local Government Regulation 2012).	Internal Auditors (in collaboration with Governance).	During development of Internal Audit Plan.
<b>Communication/Training</b>	Ensure all staff are aware of the Risk Management Framework and their obligations.	Governance	On-going