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# STATUTORY POLICY

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Enterprise Risk Management Framework



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## Policy Scope

This Enterprise Risk Management Framework applies to all elected representatives, officers and staff of the Mapoon Aboriginal Shire Council. The Enterprise Risk Management Framework describes how the risk management process is implemented and managed in Mapoon Aboriginal Shire Council (MASC). Contractors, committee members and volunteers engaged in the provision of Council services, or the management of Council facilities and assets are also required to comply with this policy.

Our strategy is to integrate risk management into the daily business activities of Council by:

- Actively promoting safety and wellbeing;
- Active identification and treatment of risks;
- Quick identification of opportunities and threats;
- Maintaining a reliable basis for decision-making and planning;
- Improving stakeholder confidence and trust;
- Improving operational effectiveness and efficiency;
- Improving council resilience; and
- Advocating accountability and championing good governance.

The overall intent is to make Risk Management a key part of the MASC organisational culture – measured by:

- The reflection of this framework embodied in the daily business activities of our staff and program representatives;
- The level of reporting linked to normal operational and project management; and
- The quality of our relationships with our project and business partners.

Council, through the Operational Risk Management Committee is responsible for the implementation, monitoring and review of the ERM Framework.

The Framework will be reviewed by the Audit Committee on an annual basis at a basic level and once every three years at a detailed level. The annual review will be included in the Audit Committee's calendar to occur in conjunction with a scheduled meeting.

## Application

The following standards and guidelines are applied to the Council's risk management framework including:

- AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines (See Figure 1<sup>1</sup>)
- Queensland Government's Strategic Risk Management: Guidelines;
- Queensland Audit Office's Better Practice Guide - Risk Management;
- Queensland Government policy, e.g. Queensland Plan for the Protection of Government Assets from Terrorism and business continuity planning.

Where applicable, other risk management standards may be used for specific industry codes and Queensland Government's project management or procurement methodologies.

## Definitions

**Cause** – Something that results in an event.

**Consequence** – The outcome of an event or circumstance affecting the achievement of the objectives.

- An event can lead to a range of circumstances
- Initial consequences can escalate through knock-on effects

**Control** – Any process, policy, device, practice or other action that modifies risk.

**Current Risk** – The risk remaining after risk treatment.

**Level of Risk** – The magnitude of a risk measured in terms of the likelihood and consequence.

**Operational Risk Management Committee** – A working group of council that meets quarterly to monitor and review the implementation of the Enterprise Risk Management Framework. Membership of the Committee is the CEO, Corporate Services Manager, Accountant, and the Risk Management Co-ordinator (if not delegated to one of the three specified positions).

**Project** – A temporary process or endeavour which has a clearly defined start and end time, a structured set of activities and tasks, and a budget.

**Risk Event** – An uncertain occurrence or set of occurrences that if it occurs, will have an effect on the achievement of an objective.

**Risk Management Coordinator** – a person appointed by the CEO to co-ordinate risk management activities across council. The Risk Management Co-ordinator is a member of the Operational Risk Management Committee. The role of Risk Management Co-ordinator may be delegated to an existing position by agreement.

**Risk Treatment** – Any specific action designed to reduce the likelihood or consequence of a risk.

## Risk Appetite

Risk appetite is the amount of risk the organisation is prepared to accept in the pursuit of achieving its objectives.

Risk appetite has two components:

- Risk tolerance – how much risk the organisation chooses to accept;
- Risk capacity – the amount of risk that the organisation can afford to take.

As a public entity, MASC has a relatively conservative appetite to risk. In particular, Council has no appetite for risk which will:

- Have a significant negative impact on Council's long term financial sustainability,
- Result in major breaches of legislative requirements and/or significant successful legal claims against the Council,
- Compromise the safety and welfare of staff, contractors and/or members of the community,
- Cause significant and irreparable damage to the environment,
- Result in major disruption to the delivery of key Council services,
- Result in widespread and sustained damage to the Council's reputation, and
- Result in significant loss of key assets and infrastructure.

## Risk Management Process

The Council’s Enterprise Risk Management Framework (ERMF) aims to:

- Align risk appetite with strategy;
- Enhance risk response decisions;
- Identify opportunities for business improvement; and
- Identify and manage Council/portfolio/whole-of-government risks.

The Council’s risk management appetite is embedded in the following Enterprise Risk Management Framework. Exceptions to this process may be approved in infrastructure projects which document a specific risk appetite relevant to the nature of the specific project.

The risk appetite is monitored by the Operational Risk Management Committee and may be subject to change as the Council’s risk management culture and capability matures or as a result of changing circumstances.

Risk management is to be applied at all stages in the life of an activity, function, project or asset. Council notes that the maximum benefit is usually obtained by integrating and applying the risk management process from the very beginning with reviews at regular intervals throughout the life of the project.

In summary, the steps in the risk management process are to: identify each risk, their cause(s) and existing controls, then analyse each risk against likelihood and consequence values to determine a risk rating, and where required, develop treatments to mitigate against the risk.

The aim is to capture opportunities and manage residual risk within the Council’s overall risk attitude/appetite.

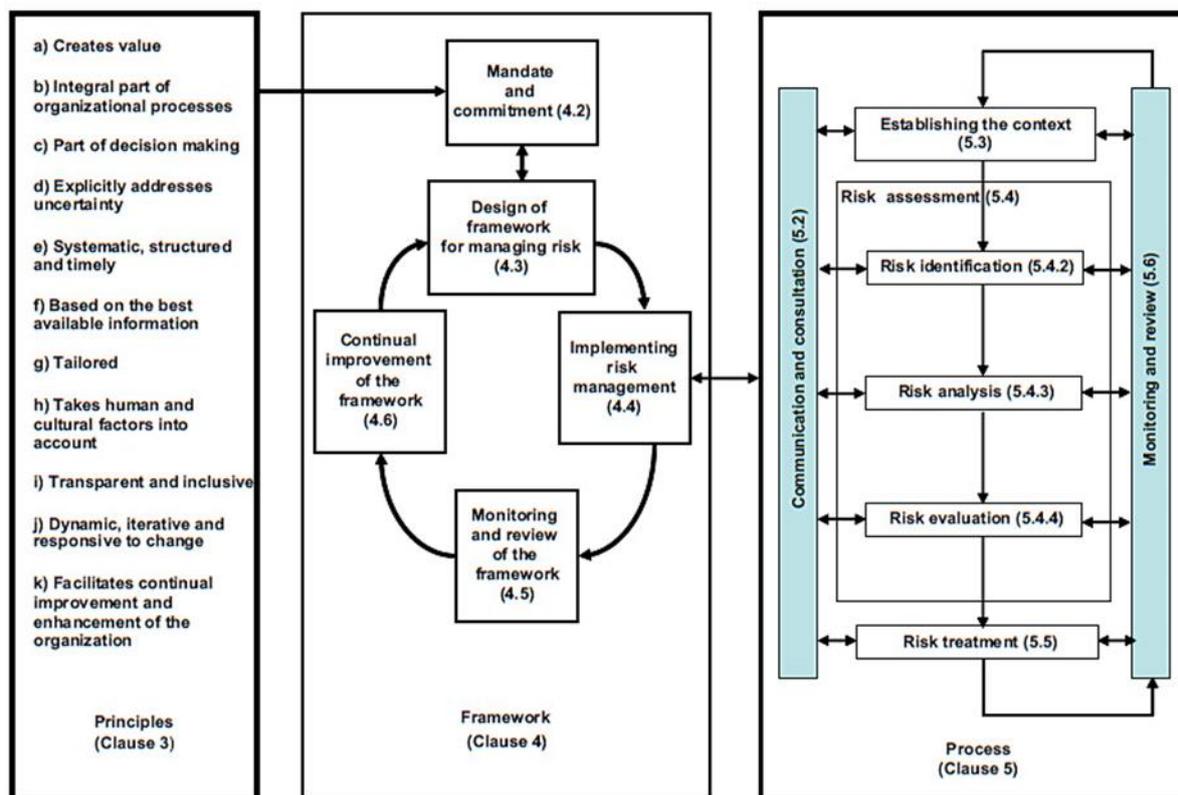


Figure 1 - Risk Management - principles, framework and processes. (Source AS 31000-2009 Risk Management - Principles and Guidelines).

Risks can sometimes be managed or mitigated in a manner which minimises adverse outcomes while still maintaining the maximum delivery of benefits. To do so requires that various mitigation measures for specific risks be identified and evaluated.

The Council’s primary risk management process is outlined in Figure 1 above. These generic processes provide a structured framework for managing strategic, operational and project management risks across Council.

## Communicate & Consult

As with any planning, project management and decision-making process, communication and consultation play an important role in all stages of the risk management process. The effective management of risk and identification of business opportunities cannot be achieved without ensuring all parties with a vested interest, including both internal and external stakeholders, are consulted.

Such consultation ensures that any differences of opinion or different perceptions of the risk are considered, understood and addressed. Similarly, it provides two-way communication to identify opportunities towards business improvement. In summary, management has a responsibility to ensure that all relevant stakeholders are identified and consulted as part of the risk management process.

## Establish the Context

Risk management is considered in the context of the Council’s external and internal environments, the project or process objectives and business relationships. This enables timely identification of emerging risk both at, and beyond, the Council level to achieve our business objectives.

To identify key risk areas, Council officers conduct an environmental scan. The scan sets a strategic direction for risk management which can be amended, as more information comes to light, or as the Council’s capacity to manage risk increases.

Key questions considered in the scan include:

- *Risk type* - technological, financial, health, safety, etc.;
- *Risk source* - external (political/economic/natural disaster) or internal (reputation; security, knowledge management, etc.);
- *What is at risk* – area of impact and the type of exposure (people, reputation, program results, assets, etc.); and
- *The level of control* - degree the Council can influence/affect or manage risk.

The context is summarised as follows:

	Objectives		
	External	Business Relationships	Internal
<b>Strategic Risks</b>	<ul style="list-style-type: none"> <li>• <i>Economic conditions</i></li> <li>• <i>Environmental</i></li> <li>• <i>Public issues</i></li> <li>• <i>Political conditions</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Government Legislation and policies</i></li> <li>• <i>Stakeholders</i></li> <li>• <i>Business responsibilities</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Culture</i></li> <li>• <i>Communication</i></li> <li>• <i>Structure</i></li> <li>• <i>Budget/resources</i></li> </ul>
<b>Operational Risks</b>	<ul style="list-style-type: none"> <li>• <i>Relevant</i></li> <li>• <i>Strategic</i></li> <li>• <i>Reputation</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Relevant</i></li> <li>• <i>Strategic</i></li> <li>• <i>Other agencies</i></li> <li>• <i>Business objectives</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Relevant</i></li> <li>• <i>Strategic</i></li> <li>• <i>Resources</i></li> <li>• <i>Processes</i></li> <li>• <i>Support services</i></li> </ul>
<b>Project Management Risk</b>	<ul style="list-style-type: none"> <li>• <i>Proponent</i></li> <li>• <i>Feasibility</i></li> <li>• <i>Reputation</i></li> <li>• <i>Economic risks</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Project analysis</i></li> <li>• <i>Relationship</i></li> <li>• <i>Financial monitoring &amp; control</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Project management</i></li> <li>• <i>Resource management</i></li> <li>• <i>Internal controls</i></li> <li>• <i>Reporting</i></li> </ul>

Figure 2 - Risk Management Context.

## Council Categories of Risk Criteria

The context is used to develop the following broad categories of risk criteria for the Council to evaluate risk:

- Workplace Health and Safety;

- Integrity and Reputation;
- Natural Environment;
- Finance;
- Legal and Contractual;
- Information, Communications and Technology; and
- Operations.

## Identify Risks

The next step of the process is to identify and list all risks that may impact on the activity under risk assessment. Identify where, when, why and how events could prevent, degrade, delay or enhance the achievement of the objectives.

A comprehensive identification of all potential risks is essential in order that they can be properly analysed and assessed in terms of the adequacy of controls in the remaining steps of the assessment process.

When identifying risks it is important to also consider the causes of each risk. It may be that a particular risk may have more than one potential cause which may in turn require different controls.

For example, the risk of unauthorised access to confidential information may be caused by poor physical security, carelessness on the part of a staff member, poor knowledge of procedures, or deliberate release. Each possible cause requires a different control measure. It is important that no significant causes are overlooked when identifying risks.

List the Risk Description and Cause(s) in the relevant columns of the Risk Assessment worksheet (Annexure 1).

## Analyse Risks

Once all relevant risks have been identified, they are analysed in terms of how likely the risk event is to occur (likelihood) and the possible magnitude (consequence of the risk event). From this analysis the level of inherent risk can be determined.

- Risk analysis involves aims to establish an understanding of the risk.
- Identify and evaluate existing control measures.
- Determine consequences and likelihood to assess the level of risk.

## Likelihood

The likelihood rating refers to the potential for the risk to happen, i.e. its probability or frequency. The likelihood that an event will occur is not always easy to assess. Subjective biases may give rise to different assessments by different people.

Likelihood	Description
<b>A. Rare</b>	These events may only occur in exception circumstances.
<b>B. Unlikely</b>	These events have been rarely if ever recorded and occur perhaps 1 in 100 years.
<b>C. Possible</b>	There are few records of this event occurring in the past and could occur at infrequent, random intervals of up to 20 years.
<b>D. Likely</b>	Has occurred in the past and is expected to occur again within 5 years.
<b>E. Almost Certain</b>	Is expected to occur in normal circumstances within a 12 month period.

Figure 3 - Likelihood descriptions.

## **Consequences**

The consequence, i.e., the outcome or impact of an event, is to be determined against the relevant category of criteria for a consistent approach to determine a level. The consequences for each category of risk are described in Figure 4 below.

Risk Categories	Consequences				
	Insignificant	Minor	Moderate	Major	Catastrophic
<b>Generic</b>	<i>Impact is minimal with no long-term impacts.</i>	<i>Impact is minimal and requires minor levels of resource and input for easy remediation.</i>	<i>Impacts results in failure to achieve objectives and requires significant expenditure to rectify.</i>	<i>Impact is severe and the expenditure required to rectify will impact on budget for two or more years.</i>	<i>Impact is very severe and is beyond the resources of Council to rectify.</i>
<b>Health and Safety</b>	<i>Staff issue causing negligible impact.  Injuries may require First Aid.</i>	<i>General morale and attitude problems.  Injury involving lost time in the workplace.</i>	<i>Widespread staff issues cause failure to deliver several minor strategic objectives and recoverable failure of day to day service.  Hospital admission for 1-2 days.</i>	<i>Staff issues cause widespread failure to deliver essential services.  Temporary disability or hospital admission for &lt;3 days.</i>	<i>Death, permanent disability or long term hospital admissions.</i>
<b>Environmental</b>	<i>Minor adverse event that can be remedied immediately.</i>	<i>Isolated instances of environmental damage requiring effort to fix in the short term.</i>	<i>Adverse events that cause widespread damage but reversible in the short to medium term. May incur cautionary notice or infringement notice.</i>	<i>Significant adverse event causing widespread damage which may be reversed through appropriate remedial action in the medium to long term. Penalties may apply.</i>	<i>Major adverse environmental event requiring continual long term remedial action. Significant penalties may apply.</i>

Risk Categories	Consequences				
	Insignificant	Minor	Moderate	Major	Catastrophic
<b>Financial</b>	<p><i>Financial impact (expenditure or revenue) &lt;\$5,000.</i></p> <p><i>Budget variation manageable in the short term.</i></p>	<p><i>Financial impact (expenditure or revenue) between \$5-\$20k.</i></p> <p><i>Budget variation manageable without impact on bottom line of budget absorbed over current financial year.</i></p>	<p><i>Financial impact (expenditure or revenue) between \$20k-\$50k.</i></p> <p><i>Impact on budget beyond current financial year but manageable within next financial year.</i></p>	<p><i>Financial impact (expenditure or revenue) between \$50k-\$200k.</i></p> <p><i>Impact on budget with recovery over proceeding two or three financial years.</i></p>	<p><i>Financial impact (expenditure or revenue) &gt;\$200k.</i></p> <p><i>Impact on budget with external assistance required.</i></p>
<b>Information Technology</b>	<p><i>Interruption to a service not requiring any further remedial action and with minimal impact on customers.</i></p>	<p><i>Interruption to a service requiring further remedial action and with moderate impact on customers.</i></p>	<p><i>Interruption to core business function or essential service with significant customer impact for up to 48 hours.</i></p>	<p><i>Interruption to core business function or essential service for 2-7 days.</i></p>	<p><i>Interruption to core business function or essential service greater than 7 days.</i></p>

Risk Categories	Consequences				
	Insignificant	Minor	Moderate	Major	Catastrophic
<b>Infrastructure and Assets</b>	<i>Affects only a small number of people and for a short time. Inconsequential or no damage. No measureable impact on the community. Little or no financial loss.</i>	<i>Some damage and/or disruption. Small impact on environment with no lasting effects. Some financial loss. In some circumstances there could be a small number of injuries and first aid treatment may be required.</i>	<i>Localised damage that is rectified by routine arrangements. Normal community functioning with some inconvenience. Some impact on environment with no long-term effect or small impact on environment with long-term effect. Significant financial loss. In some circumstances medical treatment could be required. Community support satisfied through local arrangements.</i>	<i>External resources required for community support. Significant damage that requires external resources. Community only partially functioning, some services unavailable. Some impact on environment with long-term effects. Significant financial loss - some financial assistance required. In some circumstances extensive injuries could occur requiring hospitalisation. There could be fatalities.</i>	<i>Extensive damage. Community unable to function without significant support. Significant impact on environment and/or permanent damage. Large number of severe injuries. Extended and large numbers requiring hospitalisation. General and widespread displacement for extended duration.</i>
<b>Legal/Compliance</b>	<i>Dispute resolved through internal process or expertise.</i>	<i>Dispute resolved through legal advice.</i>	<i>Corporation directed to undertake specific activities to remedy breaches in legislation that may require the involvement of legal firms.</i>	<i>Deliberate breach or gross negligence / formal investigations from third party (Ministerial Involvement, Ombudsman or CCC).</i>	<i>Major breach of legislation resulting in major corporation penalties, fines, CCC investigation that may result in legal action against staff; or class action against Council.</i>
<b>Political</b>	<i>Political activity that requires minor changes in operations.</i>	<i>Political activity that requires minor changes in operations.</i>	<i>Political activity that requires changes in operations with budget and resource implications.</i>	<i>Political activity that requires changes in operations with significant ongoing budget or resource implications.</i>	<i>Political activity that results in irreparable damage.</i>

Risk Categories	Consequences				
	Insignificant	Minor	Moderate	Major	Catastrophic
<b>Reputation</b>	<i>Issue may result in a number of adverse local complaints.</i>	<i>Issue may attract limited media coverage.</i>	<i>Issue may attract regional and state media coverage through various mediums with minimal consequence.</i>	<i>Issue may attract significant State and National media coverage with some effect on Council's reputation.</i>	<i>Prolonged adverse media attention. Staff and/or elected members forced to resign.</i>
<b>Service Delivery</b>	<i>Interruption to a service not requiring any further remedial action and with minimal impact on customers.</i>	<i>Interruption to a service requiring further remedial action and with moderate impact on customers.</i>	<i>Interruption to core business function or essential service with significant customer impact for up to 48 hours.</i>	<i>Interruption to core business function or essential service for 2-7 days.</i>	<i>Interruption to core business function or essential service for more than 7 days.</i>

Figure 4 - Descriptions of Consequences.

## Risk Rating

The overall risk rating is determined by finding the point of intersection between the likelihood rating (vertical axis) and the consequence rating (horizontal axis).

LIKELIHOOD	CONSEQUENCES				
	1. Negligible	2. Minor	3. Moderate	4. Major	5. Catastrophic
A. Rare	L	L	L	M	H
B. Unlikely	L	L	M	H	H
C. Possible	L	M	M	H	E
D. Likely	M	M	H	E	E
E. Almost Certain	M	H	H	E	E

Figure 5 – Mapoon Aboriginal Shire Council Risk Table.

## Evaluate Risks

The purpose of risk evaluation is to make decisions, based on outcomes of the risk analysis, about which risks need treatment, whether an activity should be undertaken, and treatment priorities.

Compare estimated levels of risk against the risk criteria and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments required and about priorities.

The evaluation is to consider whether the current control measures are sufficient and the risk is appropriately managed and therefore acceptable. This will often be the case for lower level risks and in such cases it may be sufficient to simply monitor the risk to ensure any change in the risk status is identified and reacted to early.

Identify and prioritise business improvement opportunities when undertaking an analysis of a risk. Accordingly, give a high priority to those significant business improvements which lead to a high performance outcome for the community. A balance needs to be struck between the costs to implement business improvement opportunities and the benefits to be gained.

## Control Measures

Control measures impact on the likelihood of a risk occurring and on the significance or the consequence of the risk should it occur. Without control measures, the likelihood of occurrence will be higher and the consequences may be more significant. With appropriate control measures, both the likelihood and consequences can be lowered to a point where the management of the risk is more acceptable. The control measures may involve the implementation of policies, standards, procedures, insurance or physical action. It is important that existing control measures are identified and considered as part of the initial risk analysis.

List existing control measures and/or mitigating factors in the Control statement column of the Risk Assessment worksheet (Annexure 1).

Following the identification of existing control measures, each risk should then be assessed in terms of likelihood and consequences.

## Treat Risks

If the current control measures are not sufficient, additional risk treatments are to be identified and considered and included in a risk management plan. Treatments are to be designed to either reduce the likelihood of the risk occurring or to reduce the consequences of the risk were it to occur. Ensure the proposed treatment(s) will reduce the risk level to an acceptable level, i.e. medium or low. If, even with proposed additional treatments, it is assessed the risk level will remain at an unacceptable level, serious consideration is to be given as to whether the activity that will create the risk is to be commenced, or continued if already in progress.

A further important consideration in considering risk treatments is the balancing of cost associated with the treatment against the benefit derived from it. In general, the cost incurred in managing risks needs to be commensurate with the benefits gained. Also, consider how risk avoidance regarding one activity can affect the significance of risk in other activities and the total risk profile.

The following risk treatment options should be considered:

1. Avoid the risk
  - Do not proceed with the activity generating the risk.
2. Reduce the likelihood of the occurrence
  - Use policies and procedures
  - Conduct structured training and induction programs
  - Develop effective supervision processes
  - Conduct effective monitoring, review, audit and compliance procedures
3. Reduce the consequences of the occurrence
  - Ensure staff have appropriate qualifications
  - Have documented emergency/incident management procedures and train staff
4. Transfer the risk
  - Outsource the activity to a third party
  - Seek legal or other external advice
  - Obtain insurance
5. Accept or retain the risk
  - Develop a cost/benefit analysis.

On completion of the risk assessment process, a risk treatment plan is to be developed. The plan will prioritise the risks that require treatment, identify the treatments that require implementation, and identify who is responsible for implementing particular treatments. Where appropriate, the plan should also identify critical implementation milestones and how these will be measured.

## Monitor and Review

The CEO and Operational Risk Management Committee will oversee the organisational performance and effectiveness of the Enterprise Risk Management Framework strategy and systems, particularly:

- High - Extreme level risk reports;
- Strategic Risk Register reports;
- Integrated governance, risk and compliance software system and.
- The Council's risk profile.

Management and Project teams are to monitor the effectiveness of all steps of their risk management performance, as this is important for continuous business improvement and the management of ongoing risks. Priority is to be given to monitoring:

- High-Extreme level risks and their risk treatments

- Credible failure of treatment strategies, especially where this will result in high, or frequent, consequences;
- Risk-related activities that feature high incidence of change;
- Innovative solutions or technological advances that may offer more effective or lower cost alternatives to current risk treatments and business improvement opportunities.

Managers are to assist their teams to integrate risk management in their planning, project management and operational activities, and performance by providing advice to all levels of the business.

The outcomes sought are risk treatments or business improvement opportunities being implemented to assist the council achieve objectives and monitored through Council’s risk registers and risk treatment plans.

Risk Rating Responses				
Level of Risk	Decision	Responsibility	Activity	Treatment Options
Extreme	Treat Risk	Mayor & CEO	Immediate action is required if people are subject to a workplace health and safety risk. Other extreme risks are to be treated urgently (subject to funding consideration).	<p><b><u>Avoid the activity that caused the risk:</u></b> Regardless of the risks, some activities have to proceed. This means that a risk treatment plan must be formulated that ensures a reduction or elimination of the risks associated with these activities.</p> <p><b><u>Accept or retain the risk:</u></b> Some risks are worth taking and need to be retained. It is important to determine whether the Council is in a position to either legally or financially, to carry the risks.</p> <p><b><u>Reduce the likelihood of an occurrence of its consequences:</u></b> some actions that can be taken to reduce the likelihood or consequences of a risk include:</p> <ul style="list-style-type: none"> <li>✓ Regular audits and reviews;</li> <li>✓ Supervision and training;</li> <li>✓ Adequate controls and processes in place; and</li> <li>✓ Management of key relationships.</li> </ul> <p><b><u>Insure to transfer the risk:</u></b> The final treatment relates to the transfer of the risk to another party and/or coverage by an insurance facility. This choice will be driven by the evaluation of the risks versus the benefit of the implementation option</p>
			<p>CEO and Operational Risk Management Committee quarterly reporting or possible escalation for urgent action directly to the Mayor and then through council meeting</p> <p>Report to the Audit and Risk Management Committee Quarterly</p>	
High	Treat Risk	CEO	Action required (subject to funding)	<p>some actions that can be taken to reduce the likelihood or consequences of a risk include:</p> <ul style="list-style-type: none"> <li>✓ Regular audits and reviews;</li> <li>✓ Supervision and training;</li> <li>✓ Adequate controls and processes in place; and</li> <li>✓ Management of key relationships.</li> </ul> <p><b><u>Insure to transfer the risk:</u></b> The final treatment relates to the transfer of the risk to another party and/or coverage by an insurance facility. This choice will be driven by the evaluation of the risks versus the benefit of the implementation option</p>
			<p>CEO and Executive Management Team quarterly reporting or possible escalation for urgent action directly to the Mayor and then through council meeting</p> <p>Report to the Audit and Risk Management Committee Quarterly</p>	
Medium	Accept Risk	Manager / supervisor	Report to CEO. Establish contingency plan if required. Action as required.	<p><b><u>Insure to transfer the risk:</u></b> The final treatment relates to the transfer of the risk to another party and/or coverage by an insurance facility. This choice will be driven by the evaluation of the risks versus the benefit of the implementation option</p>
Low	Accept Risk	Manager / supervisor	Monitor the risk. Action as required	

Identified risk treatment/responsibility officer/timeframes in the Treatment Plan column (Annexure 1) in order to complete the Risk Assessment worksheet.

Figure 6 - Risk Rating Response.

## **Integrated Governance, Risk and Compliance**

MASC maintains an integrated governance risk management system. This is to assist managers in strategic, operational (including project management), corporate risks and business improvement treatments on an ongoing basis.

The CEO is authorised to use any appropriate tool to assist in risk management activities, collect and manage risk management data on risk registers to assist in decision-making through identifying business improvement opportunities and risk mitigation treatments and to prepare tailored reports, as required.

## **Strategic Risks**

The Operational Risk Management Committee is to carry out an annual strategic risk analysis to inform Mayor and Council.

It is incumbent on the CEO to ensure management and staff have a good understanding of the council's strategic risks, attitude/appetite for risk and treatment of existing risks, as well as the risks that may need to be escalated to Council if required.

These risks are also dealt with as part of any project planning and implementation process/actions. The Operational Risk Management Committee will support the Council's risk management by:

- Effective horizon scanning, i.e. identifying medium and long-term socio-economic impacts and alerting relevant agencies to the implications of these impacts.
- Providing advice and support on strategic risk management and the escalation of strategic risks if required.
- Identifying, coordinating and monitoring strategic risks that may have implications for council, and reporting on the council's overall risk portfolio to the first council meeting each calendar year.
- Supporting the consideration of strategic risks in the context of the Budget process.

The Council's Strategic Risk Register will be managed by the CEO.

## **Operational (Including Project Management) Risks**

When a risk management process is undertaken for operational risks by a business unit or project team, a copy of the documentation and details are to be recorded on the risk registers which is kept by the CEO. The CEO or Workplace Health & Safety Officer will review risk registers for High-Extreme level operational risks for reporting to the Mayor and the Audit and Risk Management Committee.

Project managers will be responsible for completing the risk management process as required under the relevant project management methodology.

## **Corporate Risks**

Corporate risks will be extracted from the risk register. These risks will be communicated to relevant areas, e.g. financial corporate risks will be referred to the Accountant for a coordinated response. High-Extreme level corporate risks identified are reported to the CEO and Executive Management Team and Audit and Risk Management Committee.

## **Business Continuity Management**

The council maintains a Business Continuity Management Program (BCMP) aimed at managing a crisis or business interruption through an 'all-hazards' approach, i.e. one set of arrangements from the initial incident/alert advice through to the point at which normal business operations are resumed to provide critical services to our key stakeholders and support to our staff.

The program is managed by the CEO who will form a crisis management team to help prevent, prepare for, respond to and recover from a crisis/business interruption. The Crisis Management Team, comprising the Executive Leadership Team, and the Workplace Health and Safety Officer.

The BCMP is underpinned by the following plans: Crisis Management Plan; Business Continuity Plans; Information Disaster Recovery Plan; Information Security Policy & Information Security Plan; General Security Plans (major key assets & key assets); Onsite Emergency Response Plans

Council is working on formulating the plans and the following table shows the current status at April 2017.

Programs	Status
Crisis Management Plan	☒
Business Continuity Plan	☑
Information Disaster Recovery Plan	☒
Information Security Policy & Information Security Plan	☒
General Security Plans (major key assets & key assets)	☒
Onsite Emergency Response Plans	☒

Figure 7 - Status of council plans at August 2015.

The Works Manager is responsible for Workplace Health and Safety including:

- Reviewing the Work Place Standards and ensuring councils health and safety standards and systems are compliant; and
- coordinating the BCMP within the council, including testing and ongoing monitoring under the direction of the Crisis Management Team.

The CEO reports performance in an annual report on:

- Disaster Management activities to the Local Disaster Management Group
- Council meeting

## Governance

Risk management is an element of the council’s governance framework. The key functions of the council’s integrated risk management framework provides for:

- Operational Risk Management Committee is to provide corporate oversight;
- Prudential management overview is by the Audit Committee;
- Interaction with internal and external stakeholders to ensure that all relevant risks and business improvement opportunities are addressed and there is a shared understanding; and
- A continual review process to account for changes in circumstances.

## Annual report

The CEO is responsible for reporting on risk management activities in the Council’s Annual Report.

Council is also required in accordance with Section 164 of the Local Government Regulations 2012 to keep a record of financial management risks and the control measures adopted to manage the risks. This requires council to keep a record of risks to which local government operations are exposed to the extent they relate to financial management.

<b>Manager Responsible for Review:</b>	<i>CEO</i>
<b>Originally Adopted:</b>	<i>30/06/12</i>
<b>Currently Adopted:</b>	<i>19/4/17</i>
<b>Due for Revision:</b>	<i>1/5/2020</i>
<b>Revoked/Superseded:</b>	

**Annexure 1 – Risk Register and Treatment Plan Template**

Asset at Risk	What is the possible problem?	What is the Cause?	What would happen as a result?	Likelihood	Consequences	Risk Rating	Risk Treatment Plan	Risk after treatment	Responsible	By when
All Roads	Short term traffic hazards	Flooding, storm damage.	Vehicle incident resulting in damage to the vehicle, injury or death to occupants.	D	4	E	<ul style="list-style-type: none"> <li>Inspect after adverse weather conditions.</li> <li>Place temporary warning signage</li> </ul>	M	CEO	Review quarterly