Risk Management Framework

April 2015

Version 3

Risk Management Framework Endorsed

Responsible Officer	Document Owner	Endorsed by Audit Committee	Endorsed by the Risk Management Committee	Endorsed by EMT	Adopted by Council
Senior Risk Advisor	Director, Dept of Corporate and Commercial Services	17 Feb 2015	17 Mar 2015	25 Mar 2015	

Next review date April 2017

Version Control

Version N# Date Comment Reference
V1-23/01/12 First draft updated following C Wood i.e. Risk Appetite & Tolerance Policy updated and attached, minor document changes.
V2-6/2/12 Draft updated following reviewed by C Wood i.e. RMWG ToR updated
V2-8/2/12 Draft updated following EMT meeting review i.e. RMWG ToR updated, added CGG Operational Policy cover page and document control
V2-14/01/15 Complete rewrite of Framework to bring in line with Dept of Local Government & Communities Guidelines and AS NZS 31000:2009 Risk Management Standard
V3-24/02/15 Version 3 presented to Audit Committee and minor amendments undertaken i.e. grammatical and terminology
V3-17/03/15 Version 3 presented to RMC and minor amendments undertaken i.e. grammatical and terminology

TOTAL CONTENTS

Executive Summary

To achieve the City of Greater Geraldton (City) agreed objectives and outcomes, the following Enterprise Wide Risk Management framework has been adopted:

The City will manage risk in accordance with the Australian/New Zealand Standard (AS/NZS ISO 31000:2009) risk management principles:

a) maintain the highest possible integrity for services provided by the City of Greater Geraldton;

b) safeguard the City of Greater Geraldton's physical and non-physical assets including employees, Councillors & Mayor financial and property (both physical and intellectual);

c) create an environment where all employees will assume responsibility for managing risk;

d) achieve and maintain legislative and regulatory compliance, professional standards and codes of conduct based on the best available information;

e) ensure resources and operational capabilities are identified and responsibility for managing risk allocated; and

f) demonstrate transparent and responsible risk management processes which align with accepted best practice through the implementation of a comprehensive risk management process which addresses uncertainty and the nature of that uncertainty together with continuous improvement of the process.

This document provides the City and its employees a comprehensive approach to identifying and managing risk in relation to this framework. It will help all employees address not only the insurable and retained risks, but also risks associated with areas such as change management, service delivery, legislative and regulatory compliance. This will provide a sound basis for corporate and operational planning, help to minimise costly surprises, lead to better outcomes in terms of program efficiency and effectiveness, and support management decision making on a daily basis – all of which will ultimately enhance the City's delivery of services to the community.

This document comprises two distinct components:

a) first, an overview of the City's Strategic Enterprise Wide Risk Management Framework is provided. This maps the City's approach and the structures and processes that support an integrated risk management environment which links business objectives, risk and related controls;

b) second, it sets out the specific processes associated with risk management activities within the City. It facilitates the preparation and documentation of comprehensive risk management plans to enable implementation of risk management practices across the City.

In addressing both the strategic and process aspects of risk management in the City, this document is a resource available for management to use as a reference and as a basis for implementing the training required to ensure employees involved in risk management activities are appropriately skilled in the required City risk management processes.

It is expected that this document, and the methods and concepts used within it, will be reviewed and updated periodically. Like all activities undertaken by the City it will be subject to continuous improvement as new and more advanced practices in risk management evolve.

1. Overview of Enterprise Wide Risk Management

1.1 What is Enterprise Wide Risk Management?

A risk is the effect of uncertainty of the City achieving its objectives. It may be the chance of something occurring that has the potential to cause loss, damage or injury. Risk management is the application of management policies and processes to enable the systematic identification, analysis, treatment and monitoring of risk. Risk management allows opportunities to be taken when appropriate while also minimising the likelihood and impact of undesirable events or outcomes.

1.2 Who should use this document?

Risk management is everyone's responsibility and therefore this document will be a useful reference for all City employees.

1.3 Terminology

A number of key terms and concepts are used frequently throughout this document. Among these are the concepts of risk, likelihood and consequence. Risk is anything that may hinder the City from achieving its objectives. Risk encompasses:

a) the possibility of good things not happening (risk as opportunity);

b) the threat of bad things happening (for example a hazard); and

c) the potential that actual results will not equal anticipated outcomes (risk as uncertainty).

Risk not only includes the possibility of economic or financial loss or gain but also injury or death, asset damage, environmental harm, business interruption, reputation and image concerns and legal and compliance.

Risk has the following primary elements:

d) the likelihood of something happening or not happening; and

e) the consequences of it happening or not happening.

A detailed glossary of terms used throughout this document is set out at Appendix A.

1.4 Risk Management Standards & Guidelines

While AS/NZS ISO 31000:2009 provides a generic framework within which organisations can implement risk management, The City has made use of a number of other standards when developing and implementing risk management in the City. These standards include *Australian Corporate Governance Standards AS 8000 - 8004: 2003*, the *AS/NZS 4801 (Managing Safety and Health)* and as stated, *AS/NZS ISO 31000:2009 Risk management - Principles and guidelines* The Department of Local Government & Communities *Risk Management Resources* and the RiskCover *WA Government Risk Management Guidelines.*

Note: The above listed Standards and Guidelines should not be considered as a comprehensive list of risk management resources. Consideration should be given when undertaking risk activities as to if specific risk advise or guidance on specialist areas should be sought.

Risk management is now widely accepted as a key element of sound corporate governance practice and as a valuable tool for integrating all aspects of management planning and decision making.

In recognising that risk management is integral to good business practice Enterprise Risk Management and is made up of the following:

a) City risk management policies;

b) EMT and senior management dedicated to 'championing' the promulgation of risk management;

c) risk management committees with EMT representation;

d) management systems to establish and report on the profile and treatment of risks; and

e) broadly-based culture-change programs to introduce risk management programs to employee, raise their awareness of risks, and train them to identify and deal with risk.

1.5 Overview of this document

Beyond this introduction, Section 2 provides an overview of City's Strategic Enterprise Wide Risk Management Framework. This maps the City's approach and the structures and processes that support an integrated risk management environment which links business objectives, risk and related controls.

Sections 3 - 9 set out the specific processes and steps associated with enterprise wide risk management activities within the City. These sections facilitate the preparation and documentation of comprehensive risk management plans to enable implementation of risk management practices across the City.

Section 10 provides readers with an overview of the broad approach and processes that will support the formal implementation of risk management across the organisation.

Sections 11 – 13 provides an overview of related strategies that are related to the successful implementation of this Risk Management Framework.

A number of appendices are located at the back of the document. These contain a glossary of terms and a number of blank templates of documentation that are prepared during the course of the risk management process. These templates are designed to assist initial data capture and management.

To enable electronic data capture and reporting of risk management process outcomes, these templates, also appear on the City's Intranet within the Corporate Governance Section.

2. The City's Strategic Enterprise Wide Risk Management Framework

2.1 Strategic Approach to Enterprise Wide Risk Management

The City is working towards being a vibrant, progressive City where family, lifestyle choice, natural environment and prosperity go hand in hand.

The City is committed to making decisions responsibly and acting with integrity, honesty and respect. It is accountable to its community for the decisions it makes and for the management of public assets and resources. It is open to scrutiny through its annual report.

The City's management practices must therefore not only be directed to achieving its aims and objectives in an efficient and effective manner, but also to identifying and managing those risks that prevent it from achieving these aims and objectives.

Consequently, the City's enterprise wide risk management approach has six key features:

a) communication and consultation with key stakeholders at all stages of the risk management process;

b) identifying objectives - these objectives may be related to the City's strategic priorities, operations, processes, functions, projects, services, assets activities, programs or business units;

c) analysing risks taking into consideration the causes and sources of risk, their positive and negative consequences, and the likelihood that those consequences can occur;

d) evaluating the risks to achieve the identified objectives;

e) implementing ways of dealing with risks in order to achieve the desired objectives; and

f) monitoring and reviewing of the City's strategic and operational risk profile and implementing a continuous improvement approach to risk management.

2.1.1 Strategic business objectives

Enterprise wide risk management will assist the City to achieve its strategic and operational objectives as outlined in the Strategic and Corporate Plans and increase its value to the community. These objectives may be related to a strategic priority project, activity, program or Department at any level in the City. A clear understanding of the relevant objectives, and what is being done to achieve them, provides a sound basis for identifying key risks across the City and dealing with them effectively.

This will help to align the City's strategic and corporate business objectives and planning processes, through the budgeting process to the work performed by employee. Everyone has a role to play in achieving the City's business objectives, and using risk management in the day-to-day working environment can assist this process. Sound risk management practices will help ensure that the City takes advantage of opportunities while also mitigating threats to its objectives and operations.

2.1.2 Risks

Risk is everywhere and always has been. However, the City is growing more complex as an organisation, involving a wide range of stakeholders and providing a diversity of services. What has also changed is that we are now taking a systematic view of risk, and focusing on ways of dealing with it comprehensively. A focus on risks is required because the City is currently:

a) encouraging line management to accept and introduce new business practices and improvements;

b) dealing with increased customer awareness and expectations;

c) facing new threats and opportunities in its operating environment; and

d) assessing management information needed to support its business objectives.

Consequently, the implementation of effective risk management processes is vital to achieving the vision of the City and adding value to all we do equal to, or exceeding our customers' expectations.

2.1.3 Controls

Internal controls are those processes in place within the City which assist in limiting the risks

associated with pursuing business objectives. Controls include all policies, practices and procedures, management systems and structures that assist the City to operate efficiently, effectively and ethically.

If the City's control framework is robust, risks will continue to be managed effectively in a changing environment.

To ensure this is the case, the City's enterprise wide risk management approach aims to build controls into existing management structures and processes. The actions resulting from each risk management review will require management and employees to work within the City and departmental procedures and guidelines to develop solutions which fit our business. Leadership and commitment from management is also required to achieve behavioural and organisational change. As a result, change management is a key factor in successfully implementing risk management practices.

The City aims to move from a reactive approach to risk, where risk is dealt with in an adhoc fashion, to a point where all employees have embraced the concepts and the processes are working seamlessly. To achieve this aim, the City's enterprise wide risk management framework sets out a clear and robust process to ensure that objectives, risks and controls are addressed within an integrated framework.

2.2   Corporate Governance and Risk Management

Risk management is a key component of corporate governance. It is broader than having safe footpaths and roads. It involves consideration of the activities of the organisation which may include, but is not limited to the social, culture, political, legal, regulatory, financial, technological, economic, natural and competitive environment, key drivers and trends, relationships with key stakeholders, governance, processes and structures.

2.2.1   Organisational structures

In line with best practice approaches to corporate governance the City has established relevant organisational risk management structures and processes. The organisational structure to support risk management in the City is shown below.
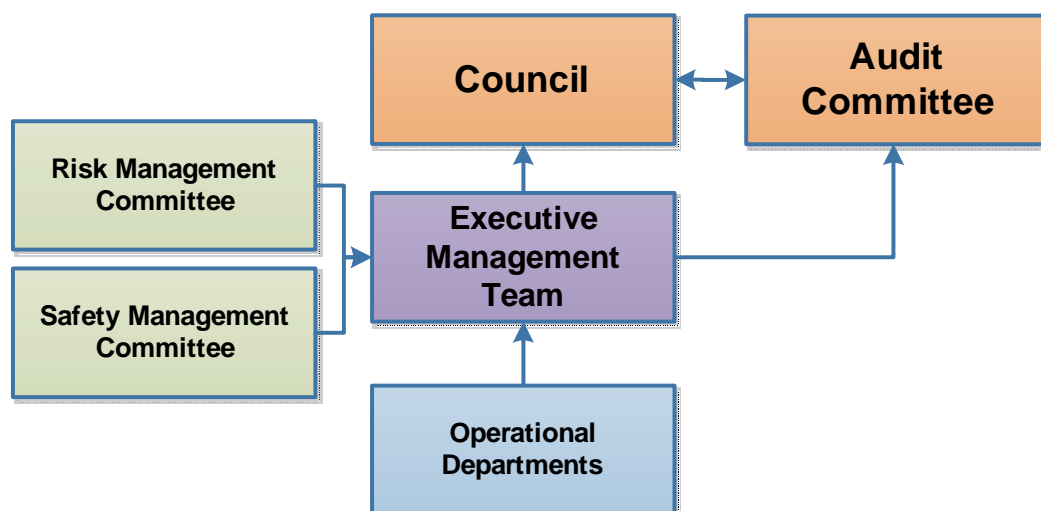
2.2.2   City Strategic Management Processes

Risk management activities are a key part of all business processes. In particular, there is a strong relationship between the risk management process and the cycle of corporate and operational planning activities, as seen in the diagram below. As the vision, strategy and business objectives are established for each City service unit, so too should related risks be identified and assessed.

When strategic and corporate plans and budgets are prepared; City service units should identify and assess risks to their objectives, leading to a ranking of risks, and finally, to the establishment of appropriate risk treatments and controls. However, it is important to remember that risk management is not a once a year process, risk management happens every day.
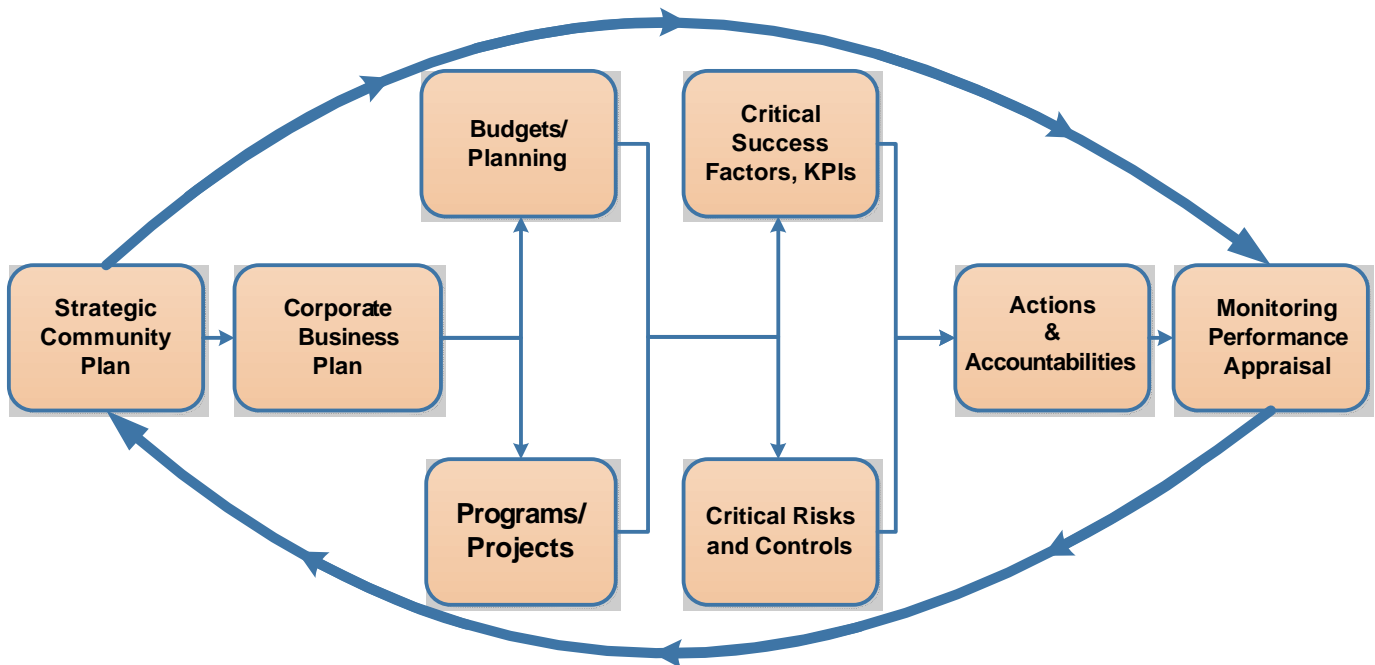
City's strategic management processes which involves risk management at each step

To embed risk management more deeply as an integral part of the City's operations it is necessary to:

a) ensure risk management processes are included in, and seen as integral to, the City's corporate planning, budgeting and reporting processes;

b) ensure risk management is integrated with other governance practices such as audit, legal and regulatory compliance, disaster management and business continuity;

c) incorporate risk management into continuous improvement programs;

d) tie risk management objectives to each relevant project, activity or work group;

e) include the outcome of risk management activities in reporting of programs, reviews and evaluation processes; and

f) incorporate risk management into performance appraisals of employees.

2.3 Enterprise Wide Risk Management Policies and Principles

2.3.1 Policies

The City currently has 3 policies adopted for the management of risk throughout the City's operations;

a) The Council has adopted a Risk Management policy that outlines the intended position and requirements for risk management throughout the City.

b) The Council has adopted a Risk Appetite and Tolerance policy which outlines the predefined risk acceptance and tolerance for City operations and the levels at which risk maybe accepted and treated.

c) The Risk Management Framework is an operational policy that provides specific guidance on how risk management activities are to be undertaken throughout the City.

2.3.2   Principles

Operating principles that support the City's enterprise wide risk management framework are summarised below.

The City aims to demonstrate sound enterprise wide risk management principles which align with best practice. The City is actively committed to:

a) identify and rank all significant strategic and operational risks using the City's risk management process;

b) ensure risk management becomes part of day-to-day management;

c) provide employees with the policies and procedures necessary to manage risks;

d) ensure employees are aware of risks and how to manage them; and

e) monitor its strategic and operational risk profile and implement a continuous improvement approach to risk management.

2.4   The Enterprise Wide Risk Management Process

The City's risk management process has been adapted from the Australian Standard A S / N Z S ISO 31000:2009 and is based on the 7–step approach set out in the diagram below.

The City's approach to risk **requires the consideration of all risks which have the effect of uncertainty on the achievement of business objectives.** In sections 3 to 9 of this document each step of the process is discussed in greater detail.

The objective is to identify all unacceptably high and extreme -level risks and put in place processes and structures to deal with them. Lower-level risks are also considered, but priority should be given to high and/or extreme risk areas, and treating these through the management process at the Department level.

This process is not linear – it is cyclical and ongoing. Monitoring and review of all stages of the process is critical, and ensuring that a periodic review of risks and controls is in place is critical to the success of the process.

2.5   Risk Management Documentation

The City's risk management process requires documentation of all relevant activities to enable those involved to complete this process with confidence. It will provide an auditable document history to all accountability management. All City risk management documentation requirements are set out within this document. To further assist those involved in documenting the risk management process, the appendices include blank templates that are to be used to ensure appropriate and consistent recording of outcomes. See Appendix C - F for the primary documents available for use. Electronic templates are available on the Corporate Governance intranet site. All risk management plans are to be recorded into Trim and a copy provided to Governance & Risk.

Main Elements of the Enterprise Wide Risk Management Process

ESTABLISH THE CONTEXT
The Strategic context
The organisational context
The risk management context
Develop criteria
Decide the structure

Risk Assessment Steps

COMMUNICATE & CONSULT

MONITOR & REVIEW

Accept Risks

NO

YES

TREAT THE RISK
Identify treatment options
Evaluate treatment options
Prepare treatment plans
Resource and Implement plans
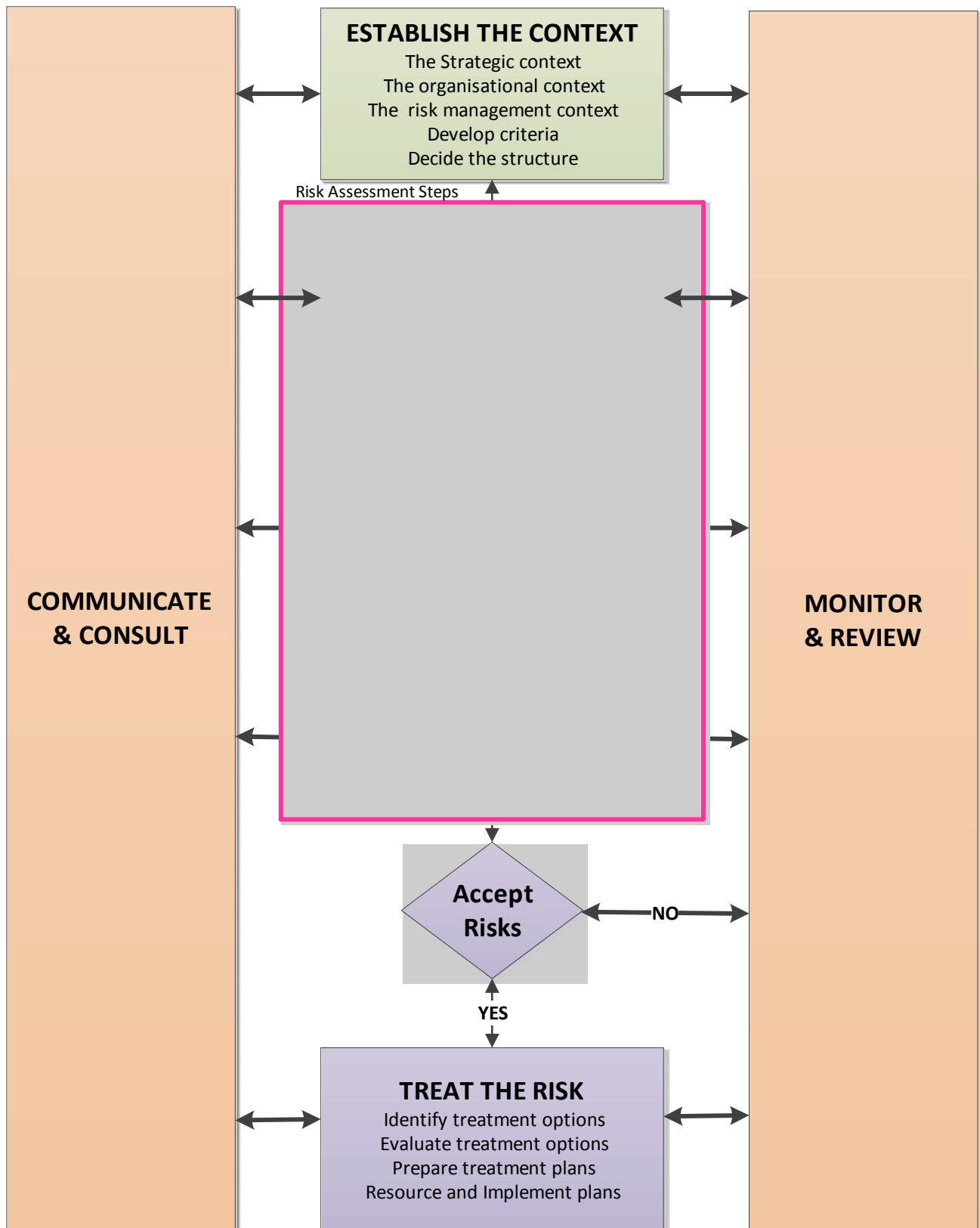
3.   Enterprise Wide Risk Management Process

3.1   Overview

Before commencing the risk management process outlined in the diagram above, the context of the service unit or task under consideration should be established. Establishing the context requires consideration of your goals, objectives and strategies, the scope and parameters of the activity, or area of the organisation to which the risk management process is being applied.

Some starting questions that may assist include:

a) Do we understand the expectations of our customers and stakeholders?

b) What laws, regulations, rules or standards apply to the organisation?

c) What are the vision, mission and values of the organisation?

d) What are the specific service aims and objectives and how do they relate to the Strategic, Corporate and Operational Plans?

e) Who is involved, both internally and externally?

f) Do we understand the level of acceptable risk?

After establishing the context it is necessary to carry out a risk identification review to document the risks to be managed. Comprehensive identification using a well- structured, systematic process is critical, because a potential risk not identified at this stage will be excluded from further analysis. Identification should include all risks, whether or not they are under the control of the City. The preferred approach to identifying risks is brainstorming in a group workshop, thus bringing together expertise that covers all aspects of interest in the activity being reviewed.

The aim of the risk identification process is to generate a comprehensive list of events which might affect the City's objectives and operations. These risks are then considered in more detail, to identify the potential impact of each risk.

3.2   Use of the Risk Breakdown Structure (RBS) for Risk identification

Within organisations of the complexity of City, the identification of risk becomes problematic without a well-developed Risk Breakdown Structure (RBS). The RBS provides a means for the organisation to structure the risks being addressed or tracked. The RBS could be considered as a hierarchically organised depiction of the identified risks arranged by risk category.

Another benefit of the RBS is that if all risks are placed in a hierarchical structure as they are identified, and the structure is organised by source, the total risk exposure to the organisation can be more easily understood, and planning for the risk more easily accomplished.

Of greater significance, the RBS provides the ability to identify the cumulative effect to the City of like risks. In doing so, EMT is able to respond more effectively to these emerging issues.

The RBS to be used within City are provided at **Annex B**.

3.3   Common Risk Description Structure

After identifying a risk, it is vital that it is captured in a manner that allows the risk to be fully understood by the entire stakeholder community. The method to be used for describing a risk within City is as follows:

Risk Identified:	Relate name to system impacted and explanation of cause.
Cause/s: *Risk Source*	Explanation of what might cause the risk event to occur (list each cause).
Consequence:	Identify local consequences and attempt to identify how these affect major areas.
RBS	Identify which Risk Breakdown Structure this risk falls within.

Table 5–Risk Description Structure

An example of a risk in this format is shown below:

Risk Identified:	**Cause/s:** *Risk Source*	**Resulting In**	**RBS**
Dept Inability to quantify condition of current software application	1. Lack of data 2. Inaccurate data 3. Lack of support systems 4. Lack of clarification of roles and responsibilities 5. Lack of resources to undertake assessment 6. Management of contractors has been inconsistent 7. Some services below ground 8. Some assets are not known of or location not known.	1. Estate deterioration 2. Pay for services not received (CMS) 3. Duplication of service/report of same information 4. Unforeseen failure 5. Negative impact on reputation 6. Increased costs (project and maintenance cost) 7. Inability to support capability 8. Potential non-compliance	**d) Failure of IT &/or Communication Systems, Data & Infrastructure**

3.4 Cause of Risk

Having identified a list of risks, it is necessary to consider possible causes and consequences. There are many ways an event can be initiated. It is important that no significant causes are omitted. This will ensure that the risk strategies determined will reduce or manage not only the risk itself, but also the causes of the risk.

Approaches used to identify risks include;

a) Checklists,

b) Judgments based on experience

c) Judgments based on documented records or past incidents,

d) Flowcharts,

e) Scenario analysis.

f) Brainstorming,

g) Interviews,

h) Workshops, and

i) Systems analysis

The approach used will depend on the nature of the activities under review and the types of risks.

Whilst assessing risk at the Department level it may be found that the "cause" of a risk/s may be similarly experienced by another service unit, and therefore a corporate wide risk strategy may be appropriate.

Some questions to assist further consideration of risks in the profile may include:

a) What are the underlying causes that are giving rise to risks that have been identified?

b) Are other parts the City facing the same risks / issues?

c) Is a corporate wide risk management strategy required?

3.5 Consequence of Risk

Determine the likely consequence for each risk, for example, the impact it will have on the services being provided by the City as a whole. This might be significant financial loss, fatality or injury, loss of major infrastructure, or indeed may cause major reputation damage for the City.

The information generated in understanding the cause and consequence of risk will assist in the next step of analysing the risk rating (the measure of likelihood x level of consequence).

4. Assessing the Likelihood and Consequences of Risks

4.1 Analysis of Risk

This section of the risk management process concentrates on the likelihood of occurrence and the consequence of each risk.

Sections 4.2 and 4.3 set out detailed information about the meaning of likelihood and consequence, while the glossary in Appendix I contains definitions of these and other terms.

Risk is analysed by combining estimates of likelihood and consequence in the context of existing control measures to arrive at a level of risk. The objectives of this analysis are to sort risks into relevant ranking levels so that not only major risks are clearly identified but minor risks are also noted. This ranking can later be used to assist in the assessment and treatment of risks. Likelihood and consequence concepts should be applied to all risks identified at stage one of the risk management process so that lower level risks can be excluded from further more detailed risk considerations. Although low risks may not be subject to further risk management processes, it is important that they are documented and added to the risk profile to demonstrate the completeness of the risk analysis.

4.2 Risk Likelihood Ratings

Some events happen once in a lifetime; others can happen almost every day. Analysing risks requires an assessment of their frequency of happening.

The following table provides broad descriptions to support likelihood ratings.

LEVEL	DESCRIPTOR	DETAILED DESCRIPTION	OPERATIONAL FREQUENCY	PROJECT FREQUENCY	TRANSITIONAL FREQUENCY
1	Almost Certain	The event is expected to occur in most circumstances	More than once per year **or** incident is clearly imminent	Greater than 90% chance of occurrence	1 in 25,000
2	Likely	The event will probably occur in most circumstances	At least once per year	60% - 90% chance of occurrence	1 in 75,000
3	Possible	The event should occur at some time	At least once in 3 years	40% - 60% chance of occurrence	1 in 250,000
4	Unlikely	The event could occur at some time	At least once in 10 years	10% - 40% chance of occurrence	1 in 750,000
5	Rare	The event may only occur in exceptional circumstances	Less than once in 15 years	Less than 10% chance of occurrence	1 in 1,000,000

Select the likelihood rating of each identified risk.

4.3   Risk Consequence Ratings

Consequences can be described in a number of ways. To ensure that all dimensions are considered, a risk in the City can have consequences in terms of:

a) Dollar cost;

b) human impact;

c) damage to reputation and image;

d) damage to property and assets;
e) harm to the environment;

f) strategy, or loss of opportunity;

g) service delivery and meeting of customer expectations;

h) Regulatory or legal compliance.

It is important to note that each consequence can be rated, in terms of its severity, from catastrophic to insignificant. To assist in determining the level of consequence that a risk poses for the City, the following table provides a summary of each type of risk consequence relevant to the City as well as their relative severity ratings. It is also necessary to consider only the impact statements that relate to the risk being assessed, for example, a decision made by the City may have financial consequences only.

LEVEL	DESCRIPTOR	SAFETY / HEALTH (Physical)	SAFETY / HEALTH (Psychological)	FINANCIAL IMPACT	SERVICE INTERRUPTION	REPUTATION	ENVIRONMENT	LEGAL & COMPLIANCE
1	Insignificant	Negligible injuries, Full recovery 1 – 3 days	Temporary stress, no leave taken, short term impact with full recovery 1 – 3 days	**Organisation** Less than $10,000 **Dept. or Project** **0-2%** remaining Budget	No material service interruption, backlog cleared in **2 – 4 hours**	Unsubstantiated, low impact, low profile or 'no news' item *Example gossip, Facebook item seen by limited persons*	Contained, reversible impact managed by on site response *Example pick up bag of rubbish*	*Compliance* No noticeable regulatory or statutory impact *Legal*. Threat of litigation requiring small compensation. *Contract*. No effect on contract performance.
2	Minor	First aid injuries, full recovery 1 – 3 weeks	Possible Sick leave, short term impact, Full recovery 1-3 weeks	**Organisation** $10,000 - $100,000 **Dept. or Project** **2-5%** remaining Budget	Short term temporary interruption – backlog cleared **< 1 – 7 days**	Substantiated, low impact, low news item *Example Local Paper, Everything Geraldton, Facebook item seen by local community*	Contained, reversible impact managed by internal response *Example pick up trailer of rubbish*	*Compliance* Some temporary non compliances *Legal*. Single Minor litigation. *Contract*. Results in meeting between two parties in which contractor expresses concern.
3	Moderate	Medically treated injuries, Full recovery 1 – 3 months	Significant, non-permanent, longer term illness, Full recovery 1-6 months	**Organisation** $100,000 - $1M **Dept. or Project** **5-14%** remaining Budget	Medium term temporary interruption backlog cleared by additional resources within **< 2 – 4 weeks**	Demonstrated public outrage, Substantiated public embarrassment, moderate impact, moderate news profile *Example State wide Paper, TV News story, Moderate Facebook item taken up by people outside City*	Contained, reversible impact managed by external agencies *Example Contractor removal of asbestos sheets*	*Compliance* Short term noncompliance but with significant regulatory requirements imposed *Legal*. Single Moderate litigation or Numerous Minor Litigations. *Contract*. Receive verbal advice that, if breaches continue, a default notice may be issued.
4	Major	Lost time or severe injury Possible Partial /full recovery 4 – 12 months	Longer term illness, severe trauma, extended incapacity Possible Partial /full recovery 6 – 12 months	**Organisation** $1M - $9M **Dept. or Project** **15 -20 %** remaining Budget	Prolonged interruption of services, additional resources required; performance affected issue resolved within **< 4 – 12 weeks**	Sustained and high level public outrage, Substantiated public embarrassment, high impact, high news profile, third party actions *Example Australia wide Paper, TV News stories, Current Affair etc Significant Facebook item taken up by large numbers of people outside City*	Uncontained, reversible impact managed by a coordinated response from external agencies *Example truck or train spill of diesel and oil on road reserve/ park*	*Compliance* Noncompliance results in termination of services or imposed penalties *Legal*. Single Major litigation or numerous Moderate Litigations. *Contract*. Receive written notice from the contractor threatening termination if not rectified.
5	Catastrophic	Fatality, permanent disability	Death, permanent severely disabling illness, e.g. Post-Traumatic Stress Disorder	**Organisation** Greater than $10M **Dept. or Project** Greater than **20%** remaining Budget	Indeterminate prolonged interruption of services that impacts on Public safety and core services– **non-performance or termination of service**	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions, Likely to lead to the dismissal of Council/ Councillors or Executive Staff. *Example World Wide News, TV News stories, Current Affair, 60 Minutes, Widespread Facebook item taken up by vast numbers of people outside City*	Uncontained, irreversible impact *Example Ship runs aground and spills oil along City coast line, ground water supply exhausted or rendered unusable*	*Compliance* Noncompliance results in litigation, criminal charges or significant damages or penalties *Legal*. Numerous Major Litigations. *Contract*. Termination of Contract for default.

4.4   Risk Analysis Matrix

As cited earlier, risk is analysed by combining estimates of likelihood and consequence. To determine the risk ranking for a particular risk, use the risk ranking matrix below to combine your selected likelihood and consequence ratings for each risk identified.

Consequence ╲ Likelihood		Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Almost Certain	5	Moderate 5	High 10	High 15	Extreme 20	Extreme 25
Likely	4	Low 4	Moderate 8	High 12	High 16	Extreme 20
Possible	3	Low 3	Moderate 6	Moderate 9	High 12	High 15
Unlikely	2	Low 2	Low 4	Moderate 6	Moderate 8	High 10
Rare	1	Low 1	Low 2	Low 3	Low 4	Moderate 5

Risk Acceptance Criteria

RISK RANK	DESCRIPTOR	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
Low (1-4)	Acceptable	**No Immediate Concern,** Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	**Operational Manager**
Moderate (5-9)	Monitor	**Needs Periodic Monitoring,** Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	**Operational Manager**
High (10-16)	Urgent Attention Required	**Needs Regular Monitoring,** Risk acceptable with excellent controls, managed by senior management / executive and subject to quarterly monitoring	**CEO**
Extreme (20-25)	Unacceptable	**Needs Active Management,** Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	**CEO / Council**

5.   Identification and Assessment of Controls

5.1   Overview of Controls

Corporate governance practices within the City would be incomplete and ineffective without an adequate internal control system.

In the City, controls generally include the following:

a)   Council policies

b)   Delegations & Authorizations

c)   Operational policies

d)   Departmental procedures and guidelines

e)   standards or specifications

f)   codes of practice

g)   management plans, systems or structures

h)   regulations or other organisational protocols

i)   legislation

The existence and proper application of these and other controls at all levels helps to ensure that the City operates efficiently, effectively and ethically.

5.2   Assessing Controls

Formal controls are likely to be in place already for many risk exposures. The degree and effectiveness of existing controls over risks needs to be considered to allow a definitive risk ranking process. These controls need to be identified clearly and their effectiveness assessed. Major risks that are not subject to effective controls may cause catastrophic consequences. Some controls are informal and their effectiveness may be anecdotal, so there is an important need to establish whether the control process is adequate, and the extent to which it is followed.

Controls fit into four distinct types as detailed below:

i.   **Preventative Controls.** These controls are aimed at preventing the risk occurring in the first place. They include: plans, policies, procedures, Safe Work Method Statements .etc.

ii.   **Detective Controls.** These controls are used to identify when a risk has becomes an issue/incident. They include: audits, stocktakes, and reviews, safety incident reports .etc.

iii.   **Mitigating Controls**. These controls are aimed at minimising the consequences that arise from the issue/incident. They include: Business Continuity Plans and Disaster Recovery Plans, Personal Protective Equipment .etc.

iv.   **Corrective Controls.** Corrective controls restore the system or process back to the state prior to a harmful event. For example, a business may implement a full restoration of a system from backup tapes after evidence is found that someone has improperly altered the payment data.

Once existing controls have been identified, it is necessary to evaluate them for effectiveness. The fact that proven processes are being followed does not necessarily mean that risk is being mitigated.

The experience levels of the personnel undertaking the processes and the rigour with which the processes are being followed and supervised will also impact upon the control effectiveness.

For each risk identified, the first question to be asked is, "Is there anything in place at the moment that would effectively lessen the likelihood or the impact of this risk?" If the answer to this question is yes, then the next question that needs to be asked is: "how effective are the current controls in preventing this risk from occurring or reducing the impact".

Experience has demonstrated that there is a direct correlation between the effectiveness of an existing control and the likelihood of the risk occurring (i.e. the more effective the control, the less likely the risk is to occur) and/or the impact of the risk (i.e. non effective controls may increase the impact).

The outcome of this evaluation should then influence further analysis of the likelihood and potential consequences of the risk.

5.3   The Control Practices Matrix

As discussed in sections 5.1 and 5.2 it is not only necessary to identify controls but also to assess them. This assessment process is used to confirm that the control is in place and to validate the effectiveness, or otherwise, of each relevant identified control. The control practices matrix below provides a convenient way of doing this.

To assess control practices in place, the following questions apply:

a) Does the control address the risk effectively?

b) Is the control officially documented and communicated?

c) Is the control in operation and applied consistently?

The matrix set out below should be used (see also Appendix C, Risk Workshop Template) to score the control related responses to the above questions. Scores are to be added to give a total control rating.

<table>
<tr><th colspan="2"></th><th>Does the Control Address the Risk Effectively?</th><th>Is the Control Officially Documented & Communicated?</th><th>Is the Control in Operation & Applied Consistently?</th></tr>
<tr><td rowspan="4">Answer / Response</td><td>No =</td><td>1</td><td>1</td><td>1</td></tr>
<tr><td>Partly =</td><td>3</td><td>2</td><td>2</td></tr>
<tr><td>Yes =</td><td>6</td><td>3</td><td>3</td></tr>
<tr><td>Add Scores</td><td>+</td><td>+</td><td>= ___</td></tr>
</table>

For example, a control that addresses the risk, is officially documented, and is in operation would score 12 (6+3+3), a perfect score. Section 6 sets out why the above scores are integral to the risk management ranking process.

To help employee to describe and attribute a control rating to the scores derived from the control practices matrix, the following indicative ratings can also be used:

SCORE	2015 RATING	2012 RATING	DESCRIPTION
8-12	Excellent	Excellent	Control addresses risk, is officially documented and in operation
5-7	Good	Adequate	Control addresses risk but documentation and/or operation of control could be improved
4	Fair		Control addresses risk at least partly, but documentation and/or operation of control could be improved
3	Poor	Inadequate	At best, control addresses risk, but is not documented or in operation; at worst, control does not address risk and is neither documented nor in operation

6.   Overall Risk Management Ranking

6.1   Introduction

Following the identification and analysis of significant risks and assessment of related controls, it remains to rank each risk.

Ranking of risks allows a risk profile to be compiled at each location under review as a basis for determining priorities and actions.

Risk ranking requires knowledge and consistency. The 2-step process set out below assists in ensuring that this occurs.

6.2   Step 1: Document Risk and Control Ratings

From the risk profile, document individual risk ratings, taking into consideration likelihood and consequence to arrive at a combined risk rating (to obtain this rating, use the risk ranking matrix at section 4.4). Then consider and document the existing internal controls relevant to this risk, using the control practices matrix set out in section 5.3 (for Risk Workshop Template see *Appendix C*)

6.3   Step 2: Overall Risk Management Ranking Map

The results can now be placed on a risk map, as set out below, to arrive at the overall risk management ranking. This map clearly sets out the actions required by management to manage each risk efficiently and effectively. It ensures that priorities are established which allow management resources to be directed to the relevant areas. At the same time it provides management with a robust framework that allows them to feel confident in their approach to risk in the operations under their control.

Map Control Rating and Overall Risk Rating to determine level of management required

Risk Rating	Risk Score	Risk Profile Map									
Extreme	25										
	20						**Needs Active Management**				
High	16										
	15										
	12				**Needs Regular Monitoring**						
	10										
Moderate	9										
	8			**Needs Periodic Monitoring**							
	6										
	5										
Low	4										
	3										
	2	**No Immediate Concern**									
	1										
Control Value		3	4	5	6	7	8	9	10	11	12
Existing Control Rating		Exc.	Good	Fair		Poor					

When plotted, scores for each risk meet on the ranking map above and assist in the decision making and risk treatment process, as follows:

Needs Active Management	After analysing the risks, a risk treatment plan must be established and implemented immediately. Requires senior management decision-making.
Needs Regular Monitoring	After analysing the risk, a treatment process should be adopted and implemented as a high priority, primarily focused on paying close attention to the maintenance of controls. Senior management attention is required.
Needs Periodic Monitoring	After analysing these risks a treatment process should be adopted and implemented, as soon as possible, primarily focused on monitoring risks in conjunction with a review of existing control procedures. Management responsibility should be specified.
No immediate Concern	No immediate concern and can be managed by routine procedures.

7.   Enterprise Wide Risk Management and Treatment

7.1   Risk Management Plans

As a product of the risk assessment process risk management plans should be developed for each relevant service unit, project or activity. Risk management plans are to be used to document and summarise risk management processes and individual treatment plans.

Preparation of these plans enable the documentation of each phase of the risk management process, while also allowing the clear identification of the responsibilities associated with implementation and monitoring

By completing a risk management plan in the format set out (*Appendix D*), relevant City employees can establish accountability, and ensure that risk management is seen as part of each employee member's responsibilities.

Risk management plans allow for reporting back to Council, EMT, relevant management and through to the Risk Management Committee. These plans are flexible, allowing for continual updating and reassessment as risks confronting the City change or the likelihood and consequences change.

7.2   Risk Treatment Plans

7.2.1   Format of risk treatment plans

Risk treatment plans should document the way in which selected risk treatment options are to be implemented for all major risks. Risk treatment plans will be completed after the need has been identified through the completion of risk management plans. The risk treatment plans should follow the format set out below (template at *Appendix C and D*).

7.2.2   Undertaking risk treatment

Risk treatment involves identifying the range of options for treating risk, evaluating those options, selecting the preferred treatment, preparing risk treatment plans and implementing them.

Preparation of risk treatment plans often requires input from higher levels of management, particularly if the risk is shared across a number of departments and a corporate wide strategy is required. In some circumstances, advice from risk control and insurance specialists may be required.

In completing the risk treatment plans and working through the risk treatment decision tree (section 7.3) it will be necessary to select the most appropriate treatment from all available options. At this point it is important to document the benefits of the response selected compared with the costs. Implementing risk treatment plans is one of the essential elements of a successful risk management process. To ensure that treatment plans are actioned requires management of the process by relevant senior employees. This management planning process should include:

a)   allocation of risk treatment responsibilities;

b)   approval or allocation of resources needed for treatment;

c) establishment of deadlines, or in the case of long–term treatment processes, agreement on milestones and deadlines; and

d) report back agreement – format and dates;

The diverse nature of the City is such that risk treatment implementation plans will need to be tailored to meet the specific needs of each service unit, project or activity.

A successful risk treatment plan implementation process is only possible if systems are in place to ensure that responsibilities are assigned, management and employees are held accountable for their actions and the process is subject to adequate monitoring and review (refer to section 8). If the action plans developed have long lead times, consideration should be given to implementing interim measures and actions, if needed. If, for whatever reason, action plans cannot all be implemented at the time of being approved, specific action plans should be prioritised based on risk rankings.

Similar risks can be identified across a number of departments. A consolidated risk profile report will identify these and note requirements for corporate wide risk management strategies. Consultation and communication across all affected departments will be essential for the successful implementation of risk treatment plans.

7.3   The Risk Treatment Process

The decision tree set out below should be used as a guide when assessing risk treatment in order to arrive at an acceptable level of residual risk.
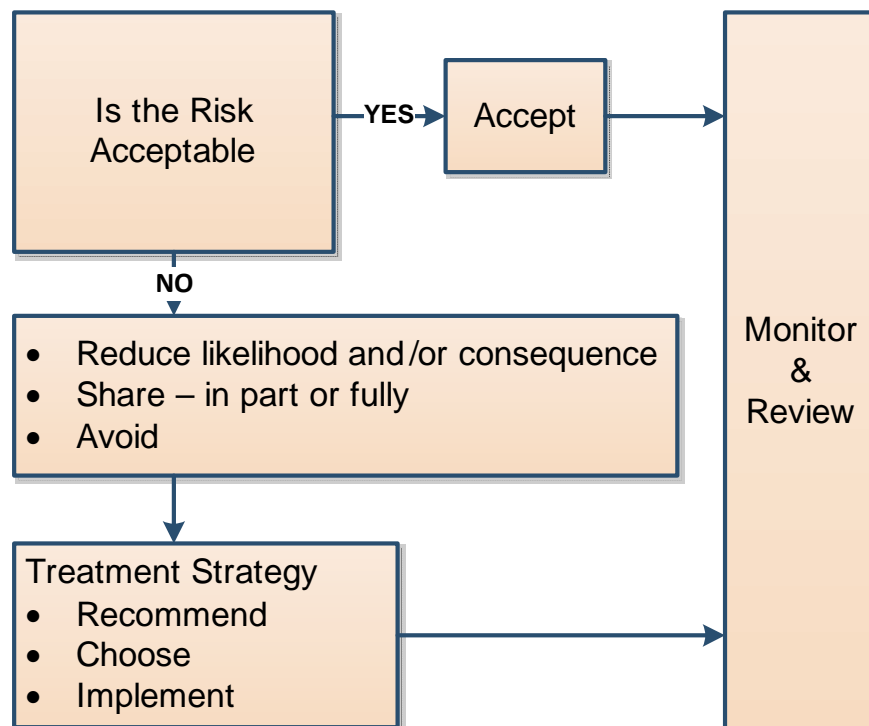
All risks identified as requiring further treatment should be considered in the context of the treatment options available. These treatment options should be considered weighing the cost of implementing each option against the potential benefits. In some cases a cost benefit analysis may be required to assist in the selection process.

When significant risk reductions can be obtained at relatively low cost, such options should be implemented. As a general guide, risks should be reduced to the lowest possible level after taking into consideration the costs associated with risk reduction.

When assessing risk treatment options, it is important to understand that it will often be most appropriate to combine several treatment options. Risk responses may be specific to one risk or they might address a range of risks.

Risk Treatment Plans must be implemented as per the following timeframes,

Risk Level	Treatment Plan Actioned
Extreme	Eliminate or mitigate immediately
High	Within one month
Moderate	Within three months
Low	Action not required

7.3.1   Risk Treatment Options

There are three broad treatment options available for the mitigation of identified risks. These are outlined in the below.

7.3.1.1 Avoid

This option seeks to treat the risk by avoiding the event that would lead to the risk. There will be few, if any, risks identified within City where this treatment strategy will be an option.

7.3.1.2 Treat

Under this option, responsibility for the treatment of the risk is kept in-house. Risk Treatments that will reduce the likelihood and/or consequence of the risk are developed and recorded in the Risk Register.

It needs to be remembered, however, that risk treatments are only effective if they are completed. To that end, all risk treatments need to be adequately resourced in terms of funding and allocation of personnel. In addition, to ensure accountability within the City, all risk treatments are to have an owner assigned.

Upon completion of the risk treatments, the Risk Register is to be updated to reflect completion of the treatment and the risk is to be reassessed as to whether these actions have been successful in reducing the likelihood and/or consequence.

7.3.1.3 Transfer/Sharing

Risk transfer/sharing involves devolving responsibility for the management of an activity for which risks have been identified to another party, or, transferring certain consequences (usually financial) to another party. Examples of transferring or sharing of risk include:

   i.   **Contracting and/or Insurance**. Contracting and insurance are perhaps the most widely used form of risk transfer. It should be remembered, however, that it is virtually impossible to transfer all of the risk to a third party. As an example, a contract can cover the City against financial loss by transferring the risk to the Contractor, however, any issues that arise from the contract may still result in a death/injury or reputation consequences to the City that can't be transferred.

ii.   **Escalation**. Risks are escalated for a number of reasons:

   i.   The residual risk (after treatment risk level) is above the City's appetite/tolerance;

   ii. The risk treatment actions are outside the control of the City; or

   iii. The Level in which the risk resides has attempted risk treatment actions, however, their efforts have not been successful.

When a risk has been escalated, management of the risk has not been transferred per se as the consequences will still impact on the area concerned. That said, the treatment of all or part of the risk has been transferred to Line Management. In the case where a risk has been escalated, Line Management is to maintain active visibility on the progress of actions and report back to their Directorate (or when relevant EMT) at regular intervals. More guidance on Risk Escalation is detailed in section 7.5.

The overarching principles in relation to risk transfer/sharing is that if the City owns all or part of the Consequences it still owns the risk.

7.3.1.4   Accept/Retain

Risks are accepted or retained for a number of reasons:

   i.   There are no treatment options available (i.e. the risk event is outside City's sphere of influence);

   ii. The level of the risk is so low that it does not warrant treatment; or

   iii. Risk treatment would cost more than the consequences of the risk (but not just in dollar terms).

Where a decision to accept a risk is taken, the risk is still to be recorded in the Risk Register along with the reasons behind the decision not to treat the risk and must include details of who accepted the decision to accept the risk.

Risk acceptance may only be undertaken in line with the risk acceptance criteria detailed in section 4.4.

7.4   Cost Effectiveness of Risk Treatments

Determining whether a risk is cost effective or not is not as simple as identifying that the Consequence is $40,000 and to treat the risk would cost $80,000. **Cost effectiveness in relation to risk treatment is not simply an issue of cost**.

A risk may have no financial impacts at all, however may have other Major or Catastrophic consequences, particularly in relation to Safety or Reputation. In such cases, it may be prudent to still treat the risk to reduce the consequences against these consequence categories, thus reducing the risk level to within the appetite of the City.

That is why it is absolutely vital that risks are assessed against all consequence categories. If risks are not fully assessed, it is difficult, if not impossible, to conduct an assessment of cost effectiveness.

7.4.1   Residual Risk

Residual risk is the risk level that remains after risk treatment activities have been completed. After determining the risk treatments for each risk, the risk is to be reassessed to determine the post-mitigation risk level. It should be noted, however, that the risk does not reach the residual level of risk until **after** all mitigation actions have been completed.

For risks where the decision is taken to accept the risk, the residual risk level (i.e. post-mitigation) will be the same as the pre-mitigation risk level.

7.5   Risk Escalation

The escalation of risk to the party best able to deal with it or to the appropriate level for acceptance of a risk beyond the organisation's risk appetite is a fundamental foundation of the risk management process. Not all risks can be treated at a Department level, however, without a structured and documented escalation process, personnel at that level may be put in a position where they feel they have to accept a risk beyond their control, authority or accountability.

To that end, the Risk Escalation process for City is provided at **Annex G**. The proforma to be used as part of this process is attached at **Annex H.**

The risk management escalation process is illustrated as follows:

7.6   Contingency Plans

Contingency Plans are plans that are developed to deal with the risk if it eventuates, i.e. if the risk event occurs.   Essentially, the main benefit of developing a Contingency Plan is to ensure that some consideration has been taken at an early stage as to what the strategy will be to recover from the situation and to minimise the impact.

In essence, developing Contingency Plans allows the City to be proactive in dealing with Risks prior to them arising.

It should be noted that if a Contingency Plan is developed it needs to be costed and will form part of the consequence rating for the risk (for example if the risk eventuates, the cost of a Civic Centre closure for a protracted period of time needs to be factored amongst the Consequences).

As a general rule, Contingency Plans should be developed for risks with a pre-mitigation risk score of High or Extreme, regardless of the post-mitigation (residual risk) score.

7.7   Accountability and Responsibility

To ensure that accountability and responsibility is part of the risk management framework, it is important that all City employees understand their roles and responsibilities.

The framework adopted by the City automatically allows accountability and responsibility to be delegated through the processes required to implement risk management. The risk management plans at section 7.1 require the nomination of responsible employees and ensures that they understand what is required from them. This level of accountability is then brought to the next level of authority within the City through the reporting process of section 8.3. Monitoring within the reporting framework allows continuous accountability for larger activities/projects, while risk management linkages to Strategic and Corporate business plans and budgets (section 2.2) ensure that EMT is aware of both successful and unsuccessful risk management on an organisation-wide basis, when actual key performance indicators and related results are reported against the plan.

Refer to Appendix B for Roles & Responsibilities

7.8   Risk Documentation and Maintenance

The preparation, maintenance and retention of risk management documentation has several advantages. In summary it allows:

   a) accountability and support for decisions taken;

   b) subsequent reviews to be completed to consider the effectiveness of risk

management plans;

c) reviews to highlight good and poor results to ensure all employee within the City learn from the collective risk management experiences of the entire organisation;

d) documentation to be used to assist with the management of future similar projects, activities, work groups, etc.;

e) communication between all interested parties; for example:

    i.   Risk Management Committee

    ii.   Safety Committee

    iii.   EMT

    iv.   Audit Committee

    v.   Council

f) later justification for actions taken if project activity is not as successful as planned;

g) all members of a risk management team to understand their role, the strategy adopted and the outcomes expected.

This communication process allows for continued accountability and responsibility (section 2.2). All risk management plans require documentation and must be retained.

8. Monitoring and Review

8.1 The Monitoring and Review Process

To support the risk management system at the City and Department level, it is necessary to have a process of monitoring and review in place.

This ensures that the summarised information presented to senior personnel is accurate, complete and based on latest available data.

Ongoing review is required to ensure that management and treatment plans remain relevant. Factors impacting upon risk assessments and control practices can also change and therefore the risk management cycle should be repeated at regular intervals to ensure continued effective risk management.

As noted in section 7.1, risk management plans require the relevant line management to document monitoring plans and to be held accountable for these commitments.

8.2 Methods of Review

Monitoring and review procedures should be determined as part of the risk management plan. As a guide, some possible methods of review include the following options:

a) self assessment;

b) physical inspections;

c) checking and monitoring success of actions and the extent to which the risk remains;

d) audit and reassessment of risk to achieving specified objectives.

Reviews must be undertaken as per the following timeframes,

Risk Level	Reviewed (by Risk Owner)
Extreme	Weekly
High	Monthly
Moderate	6 Monthly
Low	Annually

It should be noted that when there is a significant change to circumstances, all risks should be reviewed at that time. Examples of the types of changes that would trigger a full review include (but are not limited to):

   i.   Changes to Key personnel;

   ii.   Significant changes to Management plan;

   iii.   Significant changes to structure; and

   iv.   Changes to governing Legislation.

Conducting such reviews will ensure that the Risk Register remains current.

8.2.1 Retiring Risks

Risks are to be retired after the chance of something happening has clearly passed. It is important, however, that appropriate approval is provided (and recorded in the Risk Register) when a risk is to be retired.

The following table provides the approval authority for the retirement of risks:

Risk Level	Authority Level
Extreme Risk	CEO
High Risks	CEO
Medium Risks	Department Manager
Low Risks	Department Manager

It should be noted, however, that within a City context very few risks will be retired. Risks are not to be retired simply because no treatment is required or treatments have already been implemented and the risk has reached its target level.

Examples of risks that could be retired include risks associated with one off Events or Projects with defined start and end dates.

8.3   Review and Reporting

8.3.1   Risk Register

A critical element for any Risk Management Program is the recording of risks. Risks that are not recorded are not able to be managed and the risk exposure of City is unlikely to be reduced. The most effective means of capturing risk is through the use of a Risk Register.

The Risk Register captures all of the information necessary to ensure the risk can be effectively managed. An effective Risk Register follows the Risk Management Process as defined in the Standard and allows for the capture of all identified risks, the controls and their effectiveness, the assessed risk level, the treatment strategy and individual treatment actions.

In the case of City, Risk Registers will be informed by a number of other Legislated/ regulated/mandated registers such as:

    i.   Hazard Register;

    ii.   Asbestos Register;

    iii.   Chemicals Register;

    iv.   Electrical Goods Register;

    v.   Asset Register; and

    vi.   Incident Register.

8.3.2   Risk Reporting within City

In order to ensure the ongoing maintenance and effectiveness of the Risk Management Program, a number of reports will be generated. These reports are as follows:

    i.   Monthly Risk Report to EMT; and

    ii.   Quarterly Risk Report to Audit Committee.

    iii.   Annual Risk Report to Council

    iv.   2 yearly comprehensive Risk Report to Audit Committee

    v.   Risk Management Committee Tabled Items

    vi.   Risk Escalation Reports (refer to 7.5 for details)

These reports are discussed in greater detail below.

8.3.3   Monthly Risk Report to EMT

The monthly Risk Report is to be provided by each Department to Governance & Risk. Governance & Risk shall then consolidate a summary risk report that shall be presented to EMT. The aim of the report is to provide information to the EMT in relation to compliance against City risk management requirements.

    a) The compilation of the report is not arduous and should take only a few minutes to complete.

b) The format for the Monthly Risk Report is provided at **Annex E**.

8.3.4   Quarterly Risk Report to the Audit Committee

The Risk Management Committee will provide a quarterly report to the Council Audit Committee (through EMT) on the status of risk management across the City.

The format for the Quarterly Risk Report is provided at **Annex F**.

8.3.5   Annual Risk Report to Council

The Risk Management Committee shall provide an annual report to Council (through EMT) on the overall status of risk management across the City.

8.3.6   2 yearly comprehensive Risk Report to Audit Committee

The Risk Management Committee shall provide a biannual (2 years) report to the Audit Committee (through EMT) on the overall status of risk management across the City. The aim of this report is to ensure compliance with Local Government (Audit) Regulations 1996 Regulation 17 which requires the CEO to report on the effectiveness of the City's risk management systems, internal controls and legislative compliance.

8.3.7   Risk Management Committee Tabled Items

There will be risks identified that have wider impacts across either multiple Departments or in some cases the whole City. Where this is the case any member of staff may table a risk item for consideration at the next Risk Management Committee Meeting.

Any requested risk item must be submitted to the Chairperson of the Risk Management Committee for approval prior to its inclusion on the agenda.

The Escalation Performa outlined in **Annex H** shall be utilised to submit this request through to the Chairperson of the Risk Management Committee.

9.   Communication and Consultation

Communication of risk and consultation with the stakeholder community are essential to supporting sound risk management decisions.

The activities, being conducted within the City are diverse and at times complex and involve multiple (and diverse) stakeholders. As such, the communication and consultation processes must be effective in providing visibility to all stakeholders of the risks involved in the conduct of the activity.

Communication and consultation with an organisation's stakeholder community in relation to Risk Management will:

   i.   **Make Risk Management Explicit and Relevant**. Discussing with stakeholders and involving them in all aspects of the Risk Management process makes Risk Management a conscious and formal discipline.

   ii.   **Add Value to the City**. Sharing information and perspectives on risk across the stakeholder community will help to create organisational coherence, which is particularly relevant given the complexity and range of the activities undertaken within the City.

iii. **Integrate Multiple Perspectives**. Since stakeholders can have a significant impact on Risk Management activities, it is important that their perceptions of risk be identified and recorded and the underlying reasons for them understood and addressed.

iv. **Develop Trust**. Through communication and consultation, the organisation will develop an association with its stakeholder community and, in doing so, establish relationships based on trust.

v. **Enhance Risk Assessment**. Utilising stakeholder experience and expertise will often improve the understanding of the risk.

vi. **Facilitate Effective Risk Treatment**. Stakeholder experience and expertise are crucial in developing treatments that will be effective. Including the stakeholder community in the Risk Management process will also allow for the allocation of treatments to the most appropriate party, be it within or outside of the City.

9.1   Stakeholder Management

An organisation's stakeholders are those who may affect, be affected by, or perceive themselves to be affected by the City. Identifying and capturing stakeholder needs, positions, issues and concerns will help to understand the stakeholder and will assist with the development of communication strategies. It will also provide the basis upon which risks associated with dealing with the particular stakeholder can be identified.

Stakeholders fall into two categories:

i. **Primary Stakeholder**. Primary stakeholders are those with a significant amount of influence in relation to the City. Examples of primary stakeholders include (but are not limited to): internal staff; EMT; Contractors etc.

ii. **Secondary Stakeholder**. Secondary stakeholders are stakeholders who have less in relation to influence but demonstrate an interest in the City. Examples of City secondary stakeholders include (but are not limited to): sub-contractors, visitors, and members of the public, and Media.

Each stakeholder will have their own interest in, and perceptions of the City. They will also have a specific level of power to influence the outcomes and conduct of the City's activities to satisfy their expectations. If their needs are not met, they could become a source of risk for the City and undermine the capacity of the City to deliver its outcomes.

The level of communication the City has with each of these stakeholder groups will be determined by their level of interest and/or influence, as detailed below:
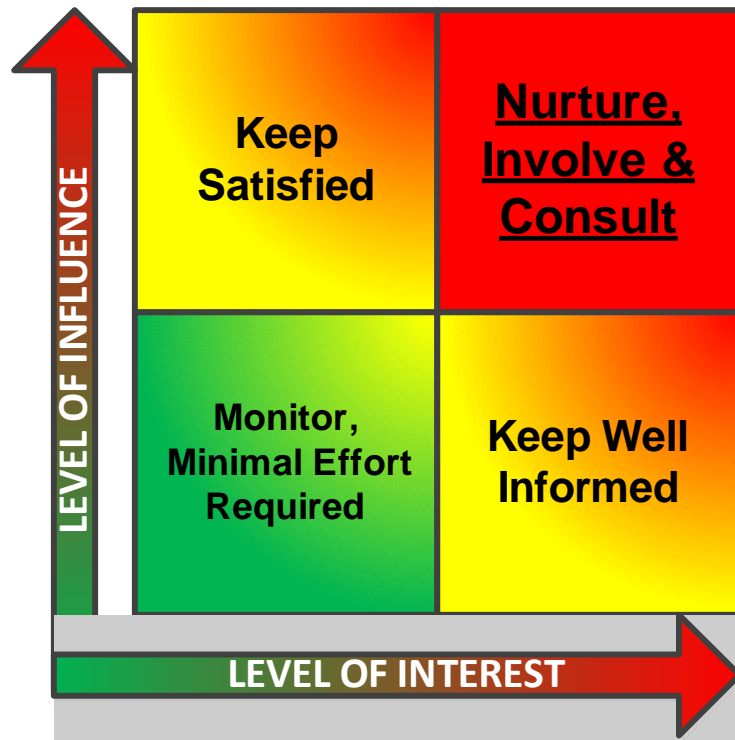
To effectively manage City stakeholders it is important to:

   i.   Know **who** they are;

   ii.   Consult with, identify and agree on **expectations**;

   iii.   **Prioritise** these stakeholders in order to manage stakeholder expectations; and

   iv.   **Integrate** stakeholder risks and opportunities into the Risk Register.

All parts of the City are to identify and prioritise their stakeholder community and through their engagement programs ensure that all of their expectations are identified and agreed.

9.2   Special Requirements for Communication with Health and Safety Representatives

The Occupational Safety & Health Act 1984 Section 19 (c) requires the City consult so far as is reasonably practicable, with employees who carry out work, who are (or are likely to be) directly affected by a work health and safety matter. If the employees are represented by a safety and health representative, the consultation must involve that representative.

Consultation involves sharing of information, giving employees a reasonable opportunity to express views and taking those views into account before making decisions on health and safety matters.

Consultation with employees and their safety and health representative is required at each step of the risk management process. By drawing on the experience, knowledge and ideas of your workers you are more likely to identify all hazards and choose effective control measures.

10. Implementation Agenda

10.1   Approach

Once a standard risk management process has been developed, it must then be implemented throughout the City. At the highest level this process involves three key phases summarised below.
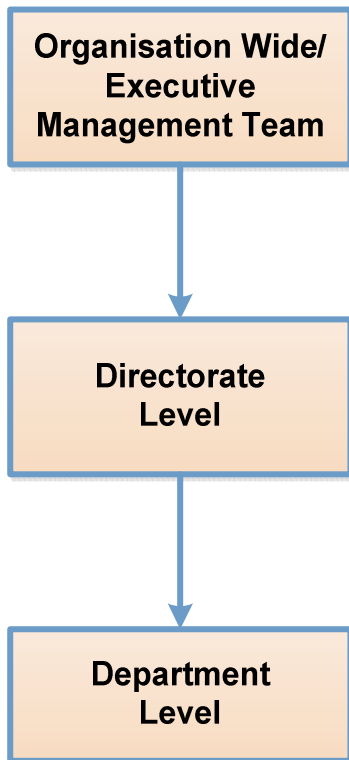
Organisation Wide/ Executive Management Team	The City's Executive Management Team implements the risk management process at the organisation wide level. An agreed understanding and ownership of risk management is achieved, and endorsement is gained for preparing an organisation wide view of the City's strategic risks. An organisation wide risk profile and management plan is prepared with accountabilities for broad areas of risk and their treatment identified and agreed. Organisation wide risk management strategies may be coordinated at this level. This level also has responsibility for regular reporting to the City.
Directorate Level	Under the leadership of respective Directors, each department develops their own risk profile and risk management plans. Organisation wide and departmental level initiatives to address risk are implemented through department plans, programs and projects. Departments will report risk management progress to the organisation wide level annually or as required.
Department Level	Using the approach outlined in this framework, 'local' risk profiles and management plans are developed for projects, programs and activities. These meet local needs and provide detailed support for organisation/executive level risk management. Local initiatives to address risk, and relevant organisation risk treatments, can be implemented through project plans. Departments will report to the directorate annually or as required.

The City's approach to the implementation of risk management is to focus on the areas in priority order. This approach is based upon an initial rating of the City's risks and risk management practices on an organisation-wide basis so as to focus on areas of key importance. This ensures resources are focused on key areas or high risk areas that require the most urgent risk management.

11. Risk Management Knowledge & Skills Development

The knowledge and skill development component of the Risk Management Framework is aimed at increasing the understanding and skills of managers, team leaders and employees for the application of their risk management accountabilities and responsibilities.

As the approach to risk management matures other learning related activities will be provided.

The initial learning strategy has been 'built up' over time and targeted increased awareness of risk management for all managers, team leaders and employees of the Council commensurate with their responsibilities.

11.1 Raising Awareness

11.1.1 Induction
Staff Induction is currently used to emphasise the responsibilities of all employees to observe and report potential OH&S risks.

In terms of public risk, Induction emphasises that every staff member has a responsibility to themselves, their work colleagues and the community, generally to avoid (and report) risk.

11.1.2 Risk Training
All employees have an annual Learning and Development Plan as well as a biannual corporate training package which when amalgamated then becomes the basis of the Corporate Learning and Development Program. Any specific training needs are noted through this process.

Additionally, a range of general risk management training opportunities are made available to staff as they become available.

11.2 General Awareness

The following approaches are already in place:

a) All position descriptions emphasise risk management as a corporate responsibility;

b) Each team agenda will have risk management as a discussion item;

c) All meetings are minuted and minutes made available to employees; and

d) Helpful hints on general issues of risk management are publicised on the Intranet.

e) At least one Managers meeting annually will have a 'risk management' theme

11.3 Methods to Ensure Consistent Application of the Risk Management Framework across the City

The following approaches are already in place or are currently being implemented:

a) Training will be provided on an 'as required' basis to management and employees with functional responsibilities for risk management within the City;

b) Training will focus on policies, procedures and the use of risk management templates;

c) Use of Risk (when implemented) software is mandatory for all areas of City;

d) Each area to review risk as per section 8.2

e) Each area reviewing its Business Continuity Plan at least annually.

12. Business Continuity Management

Business Continuity Planning is an integral part of the City' Risk Management Framework and is undertaken to ensure that stakeholders and the community can rely on the continuation of services from the City, even in times of crisis.

The City has developed a Business Continuity Plan (BCP) that identifies the processes and

resources required to ensure we can continue to meet critical objectives under a conceivable disaster.

Business Continuity Management (BCM) involves the following steps:

a)   Perform a risk and vulnerability analysis;

b)   Conduct a business impact analysis;

c)   Develop response strategies/options;

d)   Develop resource requirements;

e)   Develop continuity plans; and

f)   Plan Validation

The steps are similar to, or an extension of, those used during the risk assessment and treatment exercise.

By undertaking BCM analysis while completing a risk assessment, the processes and resources essential to the operations of the City are identified. The risks associated with these processes and resources must therefore receive the highest level of priority for treatment, continuous monitoring and improvement.

The City's BCP is reviewed annually as part of our overall risk management.

Because Information Technology is such an integral but complicated part of the overall BCP, the IT department have a separate but complementary BCP.

NOTE: Refer to the ***City Crisis and Business Continuity Management Procedures Manual*** for greater detail of the process and implementation of BCM within the City

13. Occupational Safety & Health Risk Management

Occupational Safety and Health is a distinct subset of risk management which has legislated risk management functions that must be undertaken. Refer to below the following links to Occupational Safety and Health Legislation relevant to risk management.

City employees when undertaking Safety related risk functions are to make use of the templates and forms as set out in the Safety Management System and are to ensure that all risk management functions are aligned to the processes and structure as outlines in this risk management framework.

Occupational Safety and Health Act 1984

19.   Duties of employers

Occupational Safety and Health Regulations 1996

3.1.   Identification of hazards, and assessment and reduction of risks, duties of employer etc. as to

3.32.   Risks to be reduced in first instance by means other than protective clothing and equipment

3.38.   Atmospheric hazards, duties of employer etc. to identify etc.

Appendix A

Risk Breakdown Structure

To enable the City's risks to be identified, documented, recorded and compared on a consistent basis, a Risk Breakdown Structure has been developed. These groups and areas should be used for all risk identification and recording activities.

City of Greater Geraldton

Employees & Stakeholders

Personal Management
- **a)** Ineffective **People Management**
- **b)** Inadequate employee and visitor **safety and security** (incl. Contractor and public safety)
- **c) Misconduct** (incl. conflict of interest, fraud, willful damage or negligence and theft)

Stakeholder Management
- **d)** Not meeting **Community expectations** (incl. Customer Service)
- **e)** Failure to **maintain effective relationships** with Council, Community and key stakeholders and suppliers

City Operations

Governance
- **f)** Inadequate **Asset Management**
- **g)** Inadequate **Supplier / Contract Management**
- **h)** Inadequate **Project / Change Management"**
- **i)** Inadequate **Procurement**, Disposal or Tender Practices
- **j)** Inadequate or **breakdown of internal processes**
- **k)** Inadequate **Document Management** practices

Services
- **l) Errors, omissions, delays**
- **m)** Provision of **inaccurate advice**

Business Continuity
- **n) Business Disruption** (incl. unable to undertake services or only partial disruption)
- **o)** Inadequate **Emergency Management**

Financial
- **p)** Inability to secure or maintain **funding"**

Regulatory Compliance
- **q)** Failure to fulfil **statutory**, regulatory or **compliance** requirements

Asset Management

Information, Communications Technology
- **r) External Theft & Fraud** (incl. Cyber Crime)
- **s) Failure of IT** &/or Communication Systems, Data & Infrastructure"

Physical Assets
- **t)** Damage to **Physical Assets**
- **u) Environmental management**
- **v)** Ineffective **management of Facilities / Venues / Parks**
- **w)** Inadequate **Plant and Equipment Management** (incl. Stock and Supplies)

RBS Category		Examples of Risks in RBS Category
Employees & Stakeholders	**a)** Ineffective **People Management**	Induction, Loss of corporate knowledge, Loss of staff, Performance management, Recruitment/selection, Harassment, Dismissal, Ethics/behaviours
	b) Inadequate employee and visitor **safety and security** (incl. Contractor and public safety)	Ergonomics, Emergency / Evacuation, Safe work practices, Injury/accidents management Legislation, Stress
	c) Misconduct (incl. conflict of interest, fraud, willful damage or negligence and theft)	Theft, Harassment, Corruption, Negligent action, Conflict of Interest, Probity, Poor Governance, Legislation, CCC or regulatory involvement
	d) Not meeting **Community expectations** (incl. Customer Service)	Reputation damage, Efficiency, inability to meet community wants
	e) Failure to **maintain effective relationships** with Council, Community and key stakeholders and suppliers	Community expectations, Media management, Reputation Damage, Community addenda
City Operations	**f)** Inadequate **Asset Management**	Asset Knowledge, poor maintenance, budget, user safety, life of asset
	g) Inadequate **Supplier / Contract Management**	Contract performance, Contractor Insolvency, Document Control Contract Breach or dispute, Variations, cost increase
	h) Inadequate **Project / Change Management"**	Project management processes, Stakeholder management, Risk Management, Communication, Cost
	i) Inadequate **Procurement**, Disposal or Tender Practices	Tendering Procedures, Legislation, Poor Governance
	j) Inadequate or **breakdown of internal processes**	Efficiency, Continuous improvement, Policies and procedures
	k) Inadequate **Document Management** practices	Security systems, Confidentiality, Policies and procedures, Records management, Data Base access
	l) Errors, omissions, delays	Advice, Customer service, negligence, system breakdowns
	m) Provision of **inaccurate advice**	Reputation damage, Complaints, Abusive behaviour, claims against City, Decision making
	n) Business Disruption (incl. unable to undertake services or only partial disruption)	Business continuity, ICT Systems operation, Asset Loss, People Loss, Key Supplier Loss, Unable to Access Facilities
	o) Inadequate **Emergency Management**	Emergency Procedures, Disaster Response and Recovery, Natural disaster

RBS Category		Examples of Risks in RBS Category
City Operations *Cont.*	**p)** Inability to **secure or maintain funding**	Accounts payable, Delegations of authority Budget, Internal controls, Legislation, Audit, Poor Governance
	o) Failure to fulfil **statutory**, **regulatory or compliance requirements**	Noncompliance, Fines or action against City, Penalties, Service Termination
Asset Management	**r) External Theft & Fraud** (incl. Cyber Crime)	Cyber-crime, Identity theft, ICT System security, Leak/ miss use of confidential information
	s) Failure of **IT &/or Communication Systems, Data & Infrastructure"**	Communication system, Infrastructure, Licenses and agreements, Confidentiality Contingency/recovery, Reporting, Change management
	t) Damage to **Physical Assets**	Vandalism, Maintenance, driver/ user error, programed maintenance
	u) Environmental management	Biodiversity, Bushfire, Climate, Contamination, Compliance, Natural resources
	v) Ineffective **management of Facilities / Venues / Parks**	Facilities management, Maintenance programs, Cost management, User/community complaints, public safety
	w) Inadequate **Plant and Equipment Management** (incl. Stock and Supplies)	Stock Management, Servicing and Maintenance

Appendix B

Roles and Responsibilities

Roles and Responsibilities

Role	Responsibility
Council	a) Adopt a Risk Management Policy that complies with the requirements of AS/NZS ISO 31000:2009 and to review and amend the Policy in a timely manner and/or as required. b) Be satisfied that risks are identified, managed & controlled appropriately to achieve Council's Strategic Objectives. c) Appoint and resource the Audit Committee. d) Provide adequate budgetary provision for the financing of risk management including approved risk mitigation activities. e) Review Council's risk appetite.
Audit Committee	a) Review adequacy and effectiveness of the Risk Management Framework. b) Review risk management policies, procedures and guidelines. c) Review and approve allocation of risk and audit resources in conjunction with the City's Risk Profile. d) Receive reports regarding identified risks/mitigation and their effectiveness from Risk Management Committee. e) Monitor changes to City's risk profile and highlight material changes to Council. f) Review risk management strategies. g) Monitor performance of implementing action plans arising from risk assessments.
Chief Executive Officer	a) Adopt the Risk Management Framework for the City. b) Promote the effective management of risk across the City's operations. c) Ensure that Councillors are aware of risk management objectives. d) Has ultimate responsibility for managing risk across the City. e) Responsible for the recognition and adoption of risk management as a key function of the City, and to ensure the inclusion of risk management as a priority within City's Strategic Community, Corporate Business Plans, Annual Report, and other appropriate City documentation. f) Accountability for the appropriate and timely implementation and maintenance of sound risk management practice and processes for strategic and operational risks, to reduce or prevent the adverse effects of risk. g) Demonstrating a commitment to risk management for and by all employees. h) Ensuring resources are appropriately allocated throughout the organisation to meet City's risk management requirements. i) Report to the Audit Committee on risk and mitigation activities.

Role	Responsibility
Directors & Managers	a) Managers & Directors are responsible for the implementation of the Risk Management Policy and Framework, and; b) Must make regular risk assessments of performance resources in co-operation with those with employees are carried out; c) Must make regular risk assessments within their area of responsibilities to identify existing or potential risk to their areas performance. d) To develop and manage, in conjunction with managers, a Corporate Risk Register of the City's Strategic and Operational Risks. e) To identify owners for Risks and ensure any Risk treatment plans are being managed effectively by the Risk owners.
Risk Management Committee	a) To implement and follow the AS/NZS ISO 31000:2009 Risk Management Standard for the City of Greater Geraldton (CGG). b) Each member will effectively be a "Risk Champion" for their Directorate and bring required focus and attention to the identified Risks of CGG. c) Each member will be advocates for Risk Management principles and reaffirm to colleagues the importance and benefits of effective Risk Management to the City. d) The Chairperson of the Committee will report monthly or as needed to Executive Management Team (EMT) to provide status updates and to escalate specific Risks as appropriate. e) The Chairperson of the Committee will provide a report to the Audit Committee quarterly and to the Council annually. f) To provide assurance to EMT that the CGG Risk Register(s) is current and Risks are being managed effectively. g) To provide a basis from which to establish a risk-based schedule for internal audits. h) To provide Members with the opportunity to consider Risk Management as an individual development opportunity. i) Assist with the successful completion of the LGIS Organisational Risk Management Project. j) Ensure compliance with Regulation 17, specially section 1(a) risk management
Project Managers	a) Ensure that the Council's Risk Management Framework is applied to the projects within their area of responsibility. b) Where the project is considered to materially influence the achievement of Council's Corporate Objectives, ensure that a project risk assessment is undertaken and provided to the Risk Management Committee for endorsement. c) In conjunction with Governance and Risk undertake risk assessments related to 3rd party liability risk and implement prioritised mitigation strategies. d) Ensure that when Contractor insurance is required for a project that the insurance is maintained for the life of the project. e) Undertake risk assessments for all proposed projects in consultation with the relevant stakeholders. f) Ensure design and construction includes agreed features to minimise future risk.

Role	Responsibility
Senior Risk Advisor	a) Develop and review policies, manuals and systems to ensure statutory compliance in the mitigation of operational and corporate risks. b) Ensure the development and implementation of the risk assessment and management framework. c) Lead the identification and prioritisation of organisational risks at strategic and operational levels. d) Ensure that appropriate education and training programs are in place to support managers and employees to embrace risk management as a best practice business activity. e) Facilitate and assist operational teams to develop risk management strategies. f) Actively participate in the development of an organisational business continuity plan and test the plan annually to ensure effectiveness. g) Assist scheduling of the risk management committee meetings and agenda. h) Coordinate the risk management committee evaluation of individual Council risk assessments. i) Coordinate the annual risk self-assessment of operations and develop an operational risk management plan to action improvement opportunities identified. j) Manage the best practice audit undertaken by LGIS k) Maintain and annual review the City risk management framework. This includes but is not limited to undertaking, in conjunction with relevant areas, corporate risk assessments to identify and assist with the implementation of internal controls including risk treatment strategies to address risks and link them to corporate and section business plans. l) Prepare reports for executive meetings on risk management matters. m) Maintain the City's Business Continuity Management Plans, Policies and Procedures n) Ensure annual review of Business Continuity Management Plans
Staff with Site Management Oversight	a) Report and analyse incidents, damage and hazards occurring at the site. b) In conjunction with the Manager Governance and Risk and the Senior Risk Advisor, develop and manage a contingency plan for the site. c) Encourage the public to respect Council property. d) Ensure appropriate processes are in place to secure all buildings and assets
OH&S Officer(s)	a) Develop & facilitate implementation of a Safety Management System throughout the City b) Ensure that the Safety Management System is based on risk management standards and is consistent with the City Risk Management Framework. c) Assist Risk Management Committee in relation to safety related 3rd party risk assessments.

Role	Responsibility
Employees & Contractors	• Identify and assess risks associated with personal tasks and activities. Ensure personal compliance with risk management policies, framework and procedures in performance of duties / activities. • Ensure that any hazards identified are escalated to the relevant Line Manager. • Perform duties in a manner that is within an acceptable level of risk to their health and safety, and that of other employees and the community. • Comply with quality assurance procedures where applicable. • Make Risk control and prevention a priority when undertaking tasks. • Report any hazard or incidents as detected to their Manager or the City Responsible Officer (for contractors). • Personal responsibility for sound operational risk management practices within the work environment commensurate with their position. • Undertake risk & opportunity assessments for all proposed projects in consultation with the relevant Manager General Manager.
Committee members	• Understand and observe appropriate risk management processes. • Undertake risk assessments for all proposed projects in consultation with the Manager Governance and Risk relevant Manager or General Manager.

APPENDIX C

Risk Assessment Template

APPROACH TO RISK MANAGEMENT

The City's approach to risk management is based on the Risk Management Standard AS/NZS ISO 31000:2009, Risk Management – Principles and Guidelines as outlined in the City's Enterprise Wide Risk Management Framework and Process.

The risk management approach has three key features:

1. Identifying objectives related to projects, activities, programs or business unit functions

2. Identifying the risk associated with these objectives; and

3. Identification of improvement strategies to manage these risks so as to achieve desired objectives.

Essentially the process involves:

a) The identification of the key risks

b) The identification of causes of the risk

c) Identification of the consequences of the risk

d) Identification of the controls currently in place to prevent the risk from occurring or reducing the impact of the risk

e) Rating the risk based on the likelihood of the risk occurring and the consequences of the risk

f) Rating the controls identified according to the strength and effectiveness of the control

g) Developing risk improvement strategies, to minimise the cause of the risk and to strengthen the current controls.

h) And development of a risk profile for your risk assessment.

Measure of Likelihood of Risk

LEVEL	DESCRIPTOR	DETAILED DESCRIPTION	OPERATIONAL FREQUENCY	PROJECT FREQUENCY	TRANSITIONAL FREQUENCY
5	Almost Certain	The event is expected to occur in most circumstances	More than once per year	Greater than 90% chance of occurrence	1 in 25,000
4	Likely	The event will probably occur in most circumstances	At least once per year	60% - 90% chance of occurrence	1 in 75,000
3	Possible	The event should occur at some time	At least once in 3 years	40% - 60% chance of occurrence	1 in 250,000
2	Unlikely	The event could occur at some time	At least once in 10 years	10% - 40% chance of occurrence	1 in 750,000
1	Rare	The event may only occur in exceptional circumstances	Less than once in 15 years	Less than 10% chance of occurrence	1 in 1,000,000

Risk Analysis Matrix – Level of Risk

Consequence / Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Moderate 5	High 10	High 15	Extreme 20	Extreme 25
Likely	4	Low 4	Moderate 8	High 12	High 16	Extreme 20
Possible	3	Low 3	Moderate 6	Moderate 9	High 12	High 15
Unlikely	2	Low 2	Low 4	Moderate 6	Moderate 8	High 10
Rare	1	Low 1	Low 2	Low 3	Low 4	Moderate 5

Risk Acceptance Criteria

RISK RANK	DESCRIPTOR	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
Low (1-4)	Acceptable	**No Immediate Concern,** Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
Moderate (5-9)	Monitor	**Needs Periodic Monitoring,** Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
High (10-16)	Urgent Attention Required	**Needs Regular Monitoring,** Risk acceptable with excellent controls, managed by senior management / executive and subject to quarterly monitoring	CEO
Extreme (20-25)	Unacceptable	**Needs Active Management,** Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council

Measure of Consequence of Risk

LEVEL	DESCRIPTOR	SAFETY / HEALTH (Physical)	SAFETY / HEALTH (Psychological)	FINANCIAL IMPACT	SERVICE INTERRUPTION	REPUTATION	ENVIRONMENT	LEGAL & COMPLIANCE
1	Insignificant	Negligible injuries, Full recovery 1 – 3 days	Temporary stress, no leave taken, short term impact with full recovery 1 – 3 days	**Organisation** Less than **$10,000** **Dept. or Project 0-2%** remaining Budget	No material service interruption, backlog cleared in **2 – 4 hours**	Unsubstantiated, low impact, low profile or 'no news' item *Example gossip, Facebook item seen by limited persons*	Contained, reversible impact managed by on site response *Example pick up bag of rubbish*	***Compliance*** No noticeable regulatory or statutory impact ***Legal.*** Threat of litigation requiring small compensation. ***Contract.*** No effect on contract performance.
2	Minor	First aid injuries, full recovery 1 – 3 weeks	Possible Sick leave, short term impact, Full recovery 1-3 weeks	**Organisation $10,000 - $100,000** **Dept. or Project 2-5%** remaining Budget	Short term temporary interruption – backlog cleared **< 1 – 7 days**	Substantiated, low impact, low news item *Example Local Paper, Everything Geraldton, Facebook item seen by local community*	Contained, reversible impact managed by internal response *Example pick up trailer of rubbish*	***Compliance*** Some temporary non compliances ***Legal.*** Single Minor litigation. ***Contract.*** Results in meeting between two parties in which contractor expresses concern.
3	Moderate	Medically treated injuries, Full recovery 1 – 3 months	Significant, non-permanent, longer term illness, Full recovery 1-6 months	**Organisation $100,000 - $1M** **Dept. or Project 5-14%** remaining Budget	Medium term temporary interruption backlog cleared by additional resources within **< 2 – 4 weeks**	Demonstrated public outrage, Substantiated public embarrassment, moderate impact, moderate news profile *Example State wide Paper, TV News story, Moderate Facebook item taken up by people outside City*	Contained, reversible impact managed by external agencies *Example Contractor removal of asbestos sheets*	***Compliance*** Short term noncompliance but with significant regulatory requirements imposed ***Legal.*** Single Moderate litigation or Numerous Minor Litigations. ***Contract.*** Receive verbal advice that, if breaches continue, a default notice may be issued.
4	Major	Lost time or severe injury Possible Partial /full recovery 4 – 12 months	Longer term illness, severe trauma, extended incapacity Possible Partial /full recovery 6 – 12 months	**Organisation $1M - $9M** **Dept. or Project 15 -20 %** remaining Budget	Prolonged interruption of services, additional resources required; performance affected issue resolved within **< 4 – 12 weeks**	Sustained and high level public outrage, Substantiated public embarrassment, high impact, high news profile, third party actions *Example Australia wide Paper, TV News stories, Current Affair etc Significant Facebook item taken up by large numbers of people outside City*	Uncontained, reversible impact managed by a coordinated response from external agencies *Example truck or train spill of diesel and oil on road reserve/ park*	***Compliance*** Noncompliance results in termination of services or imposed penalties ***Legal.*** Single Major litigation or numerous Moderate Litigations. ***Contract.*** Receive written notice from the contractor threatening termination if not rectified.
5	Catastrophic	Fatality, permanent disability	Death, permanent severely disabling illness, e.g. Post-Traumatic Stress Disorder	**Organisation Greater than $10M** **Dept. or Project** Greater than **20%** remaining Budget	Indeterminate prolonged interruption of services that impacts on Public safety and core services– **non- performance or termination of service**	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions, Likely to lead to the dismissal of Council/ Councillors or Executive Staff. *Example World Wide News, TV News stories, Current Affair, 60 Minutes, Widespread Facebook item taken up by vast numbers of people outside City*	Uncontained, irreversible impact *Example Ship runs aground and spills oil along City coast line, ground water supple exhausted or rendered unusable*	***Compliance*** Noncompliance results in litigation, criminal charges or significant damages or penalties ***Legal.*** Numerous Major Litigations. ***Contract.*** Termination of Contract for default.

Controls Assessment

	Answer / Response	Does the control address the risk effectively?	Is the control officially documented and communicated?	Is the control in operation and applied consistently?
	Yes	1	1	1
	Partly	3	2	2
	No	6	3	3
	Add Scores	+	+	= ___

For example, a control that addresses the risk, is officially documented, and is in operation would score 3 (1+1+1), a perfect score. Section 6 sets out why the above scores are integral to the risk management ranking process.

To help employee to describe and attribute a control rating to the scores derived from the control practices matrix, the following indicative ratings can also be used:

SCORE	RATING	DESCRIPTION
7-12	Poor	At best, control addresses risk, but is not documented or in operation; at worst, control does not address risk and is neither documented nor in operation
5-6	Fair	Control addresses risk at least partly, but documentation and/or operation of control could be improved
4	Good	Control addresses risk but documentation and/or operation of control could be improved
3	Excellent	Control addresses risk, is officially documented and in operation

See over page for table

Summary of Risk Profile for Risk Assessment

Transfer your risk scores to the risk profile matrix upon completion to track your progress.

Risk ID N#	Risk Identified
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	

Rating	Score	Risk Profile Map
Extreme	25	Needs Active Management
	20	
High	16	
	15	Needs Regular Monitoring
	12	
	10	
Moderate	9	Needs Periodic Monitoring
	8	
	6	
	5	
Low	4	No Immediate Concern
	3	
	2	
	1	
Control Value		3	4	5	6	7	8	9	10	11	12
Control Rating		Exc.	Good	Fair		Poor					

Note the following Risk Register is when printed an A3 document which has additional rows to allow detailed risk assessment

Risk N#	Risk Identification	Cause *Risk Source*	Resulting In	RBS Category	Consequence Category	Consequence	Likelihood	Risk Rating	Existing Controls	Existing Control Rating	Risk Treatment Options
ID Number	*What event or incident could happen*	*What causes risk to happen?*	*What are the consequences to Council?*	*What risk breakdown category does the risk align to*	*What consequence category as defined in the consequence matrix is the risk exposed to.* *Note a risk may have multiple consequences across different categories*	*What consequence level is the risk?* *Note a risk may have multiple consequences across different categories*	*What likelihood rating is the risk?* *Note a risk may have multiple likelihoods across different consequence categories*	*Combination of identified risk consequence and likelihood rating* *Note highest Risk Rating becomes overall risk rating*	*What have we in place to prevent the risk from happening?*	*What is the overall risk control rating as calculated in the controls assessment*	*What more do we need to do to:* − *prevent risk from happening* − *reduce or get rid of causes* − *strengthen controls?*
1											
2											
3											

APPENDIX D

Risk Management Plan Template

See Link to Intranet,

to be inserted at a later date

APPENDIX E

Monthly Risk Report Template

Note Monthly Risk Report template is when printed an A3 page

MONTHLY RISK REPORT FOR *(insert Department)*

As at *(insert date)*

Extreme and High Risks listed below

Risk No	Risk Name	Pre Mitigation Risk Level	Target Risk Level	Current Risk Level	Treatment Actions Completed Last Month	Treatment Actions Commenced Last Month	Treatment Actions Yet to Commence	Has the Risk been Escalated	Date of Escalation	Comments

Report Prepared by: *(Insert Name & Title)*

APPENDIX F

Quarterly Risk Report Template

Note Quarterly Risk Report template is when printed an A3 page

QUARTERLY RISK REPORT FOR (insert Department)

As at (insert date)

Extreme and High Risks

Risk No	Risk Name	Pre Mitigation Risk Level	Target Risk Level	Current Risk Level	Summary of Treatment Action Status	Has the Risk been Escalated?	Date of Escalation	Comments

APPENDIX G

Risk Escalation Process

Risk Identified and Analysed

Does the Risk Require Treatment?

- **Yes** → Determine treatments (if any are available) → After treatments are applied, will the risk be within the nominated risk appetite?
  - **Yes** → Record Risk in Risk Register and **undertake treatments**
  - **No** → Record Risk in Risk Register. Complete Risk Escalation Proforma → Submit Risk Escalation Proforma to Director
- **No** → Record Risk in Risk Register and Document Reason for Accepting Risk

Is there any immediate danger to personnel?

- **Yes** → **Undertake Immediate Action to Remediate**
- **No** → No action necessary. Manage Risk as normal

Prior to actually being submitted to the Director, the Escalation Proforma is to be reviewed and endorsed by Risk Management Committee Chairperson. If, after review, the risk is deemed appropriate for escalation it will be passed to the Director and or Risk Management Committee. If not, it is to be returned to the Requesting Party for further justification or for it to be accepted.

Is the Risk within the Authority of Director

- **Yes** → Provide sufficient funding to undertake treatments **or** sign Risk Acceptance Proforma and return to relevant Department Manager
- **No** → Submit Risk Escalation Proforma to CEO

Is the Risk within the Authority of CEO

- **Yes** → Provide sufficient funding to undertake treatments **or** sign Risk Acceptance Proforma and return to Director and then relevant Department Manager
- **No** → Submit Risk Escalation Proforma to Council → Provide sufficient funding to undertake treatments **or** sign Risk Acceptance Proforma and return to CEO and then relevant Department Manager

APPENDIX H

Risk Escalation Form

RESIDUAL RISK ESCALATION PROFORMA

Purpose of the Form

The purpose of the City Residual Risk Escalation Proforma is to escalate residual risks that are outside the tolerance levels **or** the control/authority/delegation of Departments within City to retain. The form is used to ensure that accountability for the retention of a risk resides at the appropriate level within City.

This form will also provide a record of the employee within the City who has accepted retention of the risk and the reasons behind that acceptance and provides a robust audit trail that will provide protection for responsible officers should the risk eventuate.

This form has a dual purpose and can be used to escalate a risk up to a Director or the CEO, and it can also be used to request a risk item be added to the agenda for the next Risk Management Committee meeting for consideration.

Instructions for Completion

The form is simple to complete but must currently be submitted/escalated in hard copy form in order to ensure an audit trail of signatures.

Note a eform or SharePoint document may be developed in place of this document in future.

The form must be submitted to Risk Management Committee Chairperson upon completion by the appropriate Department manager for scrutiny/sign-off prior to being submitted to the next appropriate level.
Once completed, the form is to be scanned with copies provided to:

     a.   The Department that raised the risk;

     b.   The Director;

     c.   When Relevant the CEO; and

     d.   The Risk Management Committee Chairperson.

RISK DETAILS

Risk Description

Risk Number:	
Risk Name:	
Risk Causes:	
Resulting In:	
Risk Owner:	

Risk Assessment

Likelihood		
Justification for Assessed Likelihood		
Consequence Ratings:		
Impact Area	**Rating**	**Justification (for High / Extreme only)**
Safety & Health *Phy*		
Safety & Health *Psy*		
Services Interruption		
Reputation		
Financial Impact		
Environment		
Legal & Compliance		

Assessed risk level (without treatment)		
Is the risk level within City risk tolerance (Circle One):	**Yes**	**No**

Stabilising Actions

Have any actions been taken to stabilise the situation and minimise/eliminate the chance of harm?	Yes	No

If the answer is yes, please describe these actions below:

Risk Treatments

Are there any treatment actions that can reduce the risk?	**Yes**	**No**

If yes, complete *Treatment Actions* section below. If no, complete *Assessment of Tolerance* Section below:

Proposed Treatment Actions		
Action	**Approximate Cost**	**Within Delegation of Manager (Yes/No)**
		Yes No *Unknown*
		Yes No *Unknown*
		Yes No *Unknown*
		Yes No *Unknown*
		Yes No *Unknown*
		Yes No *Unknown*
		Yes No *Unknown*
		Yes No *Unknown*

Assessment of Tolerance

Assessed residual risk level (with treatments that are within the delegation of Manager)	
After these treatments is the residual risk level within City risk tolerance?	**Yes No**

Assessed residual risk level (with treatments that are outside the delegation of Manager)	
After these treatments is the residual risk level within the City's risk tolerances?	**Yes No**

If the answer is 'no' to either of the questions listed above, the residual risk is to be escalated to the functional Director.

RISK ESCALATION

Manager

Name:	
Email:	
Phone Number:	

Are risk treatments within your delegation planned for completion?	**Yes** **No**
If the answer is no, provide explanation.	
After treatments within your delegation is the residual risk within City risk tolerances?	**Yes** **No**
Does the residual risk require escalation	**Yes** **No**
Who do you wish to escalate this issue to?	**Director** **RM Committee**
Signature	
Date	

Review/Endorsement by Risk Management Committee Chairperson

In your opinion, do you believe the assessment to be reflective of the residual risk level **If yes - submit to appropriate Director/ CEO** **If Yes – Include on the RM Committee Agenda** **If no - return to Department**	**Yes** **No**
Reasons/Justification:	
Signature	
Date	

Director

Name:	
Email:	
Phone Number:	

Are the proposed residual risk treatments within your delegation?	**Yes**	**No**
If the answer is no, provide explanation.		
After treatments within your delegation is the residual risk within City risk tolerances?	**Yes**	**No**
Do you accept retention of this residual risk?	**Yes**	**No**
Justification *Note: If you do have the authority to accept retention of this risk and choose to accept the risk, justification is required.* *If you have the authority and choose not to accept the risk, justification is required*		
Does the residual risk require escalation to the CEO?	**Yes**	**No**
Signature		
Date		

CEO

Are the proposed risk treatments within your delegation?	**Yes**	**No**
If the answer is no, provide explanation		
After treatments within your delegation, is the risk within City risk tolerances?	**Yes**	**No**
If no, do you have the authority to accept retention of this residual risk?	**Yes**	**No**
Do you accept retention of this residual risk?	**Yes**	**No**
Please provide explanation. *Note: If you do have the authority to accept retention of this risk and choose to accept the risk, justification is requested.* *If you have the authority and choose not to accept the risk, justification is requested*		
Does the residual risk require escalation to Council?	**Yes**	**No**
Signature		
Date		

If the residual risk requires escalation above CEO, a formal brief note is to be developed for Council with this Escalation Form as an Attachment.

The brief is to include as a recommendation that the residual risk be retained or that appropriate funding be sought for treatment.

Appendix I

Glossary of Terms

Glossary of Terms

Terms	Definitions
Assurance	A process that provides confidence that planned objectives will be achieved within an acceptable degree of residual risk. An evaluated opinion, based on evidence gained from review, on the organisation's governance, risk management and internal control framework.
Audit	The formal examination of the CGG accounts, financial situation, internal controls, systems, policies and processes and compliance with applicable terms, laws, and regulations.
Compliance	A state of being in accordance with established internal rules, guidelines, policies, specifications, social ethics and norms and legislation.
Consequence	The outcome of an event affecting objectives expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.
Contingency	Contingency is an allowance for future increases to estimated costs for project cost elements and is the aggregate of amounts (if any) included in the Project Approval: • to meet the assessed risk of project acquisition cost increases that may arise as a result of underestimates due to inherent cost uncertainties; • to meet the residual project risk after all planned risk mitigation/elimination/treatment measures; and • to meet 'unknown unknowns'.
Contingency Plan	Contingency Plans are plans that are developed to deal with the risk if it eventuates, i.e. if the risk event occurs a predefined set of actions will be implemented.
Controls	All the policies, procedures, practices and processes in place to provide reasonable assurance of the management of the City's risks.
Control Self-Assessment	A formal assurance activity whereby managers make a formal analysis of risks and controls and identify key controls that collectively confirm acceptable operation. These controls are then controls are then formally checked and reported on a regular basis.
Corporate Governance	All the principles, policies, management systems and structures by which the City is directed, managed and controlled.
Cost	Cost of activities, both direct and indirect, involving any negative impact, including money, time, labour, disruption, goodwill, political and intangible losses

Terms	Definitions
Decision tree	A method of breaking down events visually into smaller, more manageable steps. These steps are represented as branches on a "tree" with alternative decisions and options and steps leading to various potential outcomes. Decision trees can be useful during risk identification, scenario analysis and the evaluation of risk treatment options.
Enterprise Wide Risk Management	The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects
Environment	An incident or situation, that occurs in a particular place during a particular interval of time
Event	An occurrence or change of a particular set of circumstances
Frequency	A measure of the rate of occurrence of an event expressed as the number of occurrences of an event in a given time (see also Likelihood and Probability)
Hazard	A source of potential harm or a situation with a potential to cause loss
Inherent Risk	A measure of risk in its natural state (i.e. without any specific controls in place); i.e. where the factors preventing its occurrence or limiting its impact are largely outside the control of an organisation. A risk that is impossible to manage or transfer away.
Insurable Risk	A risk that can be treated via the application of insurance as a risk financing technique.
Level of risk	The magnitude of a risk or combination of risks, expressed in terms of the combination of consequences and their likelihood
Likelihood	Used as a qualitative description of probability or frequency of something happening
Loss	Any negative consequence, financial or otherwise
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 from the performance level required or expected
Operational Risks	Operational risks are associated with the development and implementation of operational plans or the processes, functions or activities of the City. They are the risks associated with your normal business functions. Operational risks should be assessed by the parties familiar with the particular function or service with which the risks are associated.
Project Risks	Project risks are associated with specific projects or discreet initiatives. All projects will go through a life cycle, i.e. conception to planning, scoping, contracting, design, construction, testing/commissioning, hand-over and operation. Project risks exist at every stage, and they need to be identified and managed to ensure the successful completion of the project.
Residual Risk	The remaining level of risk after risk treatment measures have been taken

Terms	Definitions
Risk	The effect of uncertainty of the City achieving its objectives. It is measured in terms of consequences and likelihood.
Risk Acceptance	An informed decision to accept the consequences and the likelihood of a particular risk.
Risk Analysis	A process to comprehend the nature of risk and to determine the level of risk
Risk Assessment	The overall process of risk identification, risk analysis and risk evaluation
Risk Avoidance	An informed decision not to become involved in, or to withdraw from, a risk situation.
Risk Control	The part of risk management that involves the implementation of policies, standards, procedures and physical changes to eliminate or minimise adverse risks
Risk Control	A relative assessment of actual level of control that is currently present and effective Effectiveness compared with that which is reasonably achievable for a particular risk.
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 Financing	The methods applied to fund risk treatment and the financial consequences of risk
Risk Identification	The process of finding, recognising and describing risks
Risk Level	The level of risk calculated as a function of likelihood and consequence
Risk Management	Coordinated activities to direct and control the City with regard to risk
Risk Management Framework	The components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation
Risk Management Plan	The product of documenting the steps and results of the risk management framework and process. Risk Management Plans may apply to specific the City business units, activities or projects. These Plans demonstrate that the process has been undertaken properly, and need to contain information as specified to the appropriate level of detail.
Risk Management Policy	A statement of the overall intention and direction of the City related to risk management
Risk Management Process	The systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk
Risk Owner	The City officer with the accountability and authority to manage a risk

Terms	Definitions
Risk Profile	The description of any set of risks. NOTE The set of risks can contain those that relate to the whole organization, part of the organization, or as otherwise defined.
Risk Reduction	A selective application of appropriate techniques and management principles to reduce either likelihood of an occurrence or its consequences, or both
Risk Register	A system or file that holds all information on identifying and managing a risk
Risk Retention	Intentionally or unintentionally retaining the responsibility for loss or financial burden of loss within the organisation
Risk Sharing	Sharing with another party the burden of loss, or benefit of gain from a particular risk
Risk Source	Element which alone or in combination has the intrinsic potential to give rise to risk. A risk source can be tangible or intangible.
Risk Transfer	Shifting the responsibility or burden for loss to another party through legislation, contract, insurance or other means. Risk transfer can also refer to shifting a physical risk or part thereof elsewhere.
Risk Treatment	Selection and implementation of appropriate options for dealing with risk
Stakeholders	Those people and organisations who may affect, be affected by, or perceive themselves to be affected by a decision or activity
Strategic Risk	Strategic risks concern the whole of the agency. They are the risks associated with long-term organisational objectives and the means by which those objectives will be achieved. Strategic risk assessment is normally conducted at a Board or Executive level and is most effective when integrated with the strategic planning process.
The Standard	AS/NZS ISO 31000:2009, Risk Management – Principles and Guidelines Standards Australia.

Appendix J

References

CGG CP-006 – Risk Management Policy

CGG CP-008 Occupational Health & Safety Policy

CGG CP- 038 CGG Risk Appetite &Tolerance Policy

CGG Risk Management Committee Terms of Reference

AS/NZS ISO 31000:2009 Risk Management Principles & Guidelines

AS/NZS ISO 31010:2009 Risk Assessment Techniques

HB 158-2010 Delivering assurance based on ISO 31000:2009 - Risk management - Principles and guidelines

HB 327:2010 Communicating and Consulting about Risk

AS 8000 - 8004: 2003 Australian Corporate Governance Standards

AS/NZS 4801 (Managing Safety and Health)

AS/NZS 5050:2010 Business continuity - Managing disruption-related risk

AS/NZS IEC 62198:2015 Managing risk in projects—Application guidelines

Department of Local Government & Communities Risk Management Resources

RiskCover WA Government Risk Management Guidelines