



Risk Management Framework

TENTERFIELD SHIRE COUNCIL

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V1.0	30/04/25	21/25	WHS&R	New Framework

Introduction

Council recognises that risk is inherent in carrying out all of its business strategies and operations and that without a robust system for identifying and managing risks, the organisation is vulnerable to uncertainties and lost opportunities and is unlikely to be resilient in the face of change or adversity.

Council will therefore seek to ensure that risk management is a key consideration in all business practices and decision-making processes.

Council's Risk Management Framework (RMF) will provide the foundations and organisational arrangements necessary to embed a proactive, structured and consistent approach to risk management throughout the organisation.

Ultimately Council seeks to achieve an environment where, with the provision of ongoing guidance and training, Council staff retain the risk management skills to effectively contribute to the pursuit of objectives, whilst endeavouring to protect Council, its staff, its community, key stakeholders and natural and constructed assets from the adverse effects of risks.

Council will therefore communicate risk management and foster a vibrant risk management culture that empowers all staff to make well informed evidence-based decisions, prioritise actions and distinguish between alternative courses of action in their daily business activities so as to ensure positive outcomes for both Council and the community.

Council's Framework will align with the principles and processes defined in *AS ISO 31000:2018 Risk Management - Guidelines*.

Council will maintain a risk management framework appropriate to the size, culture and complexity of its operations and environment and through regular review Council will ensure that its Risk Management Framework continues to remain effective and relevant to the organisation.

Council will apply a staged approach to the implementation of this Framework in accordance with available resources and priorities.

Mandate and Commitment

Council's Risk Management Policy confirms Council's commitment at a strategic level to a proactive and structured enterprise-wide approach to risk management in accordance with *AS ISO 31000:2018 Risk Management - Guidelines*.

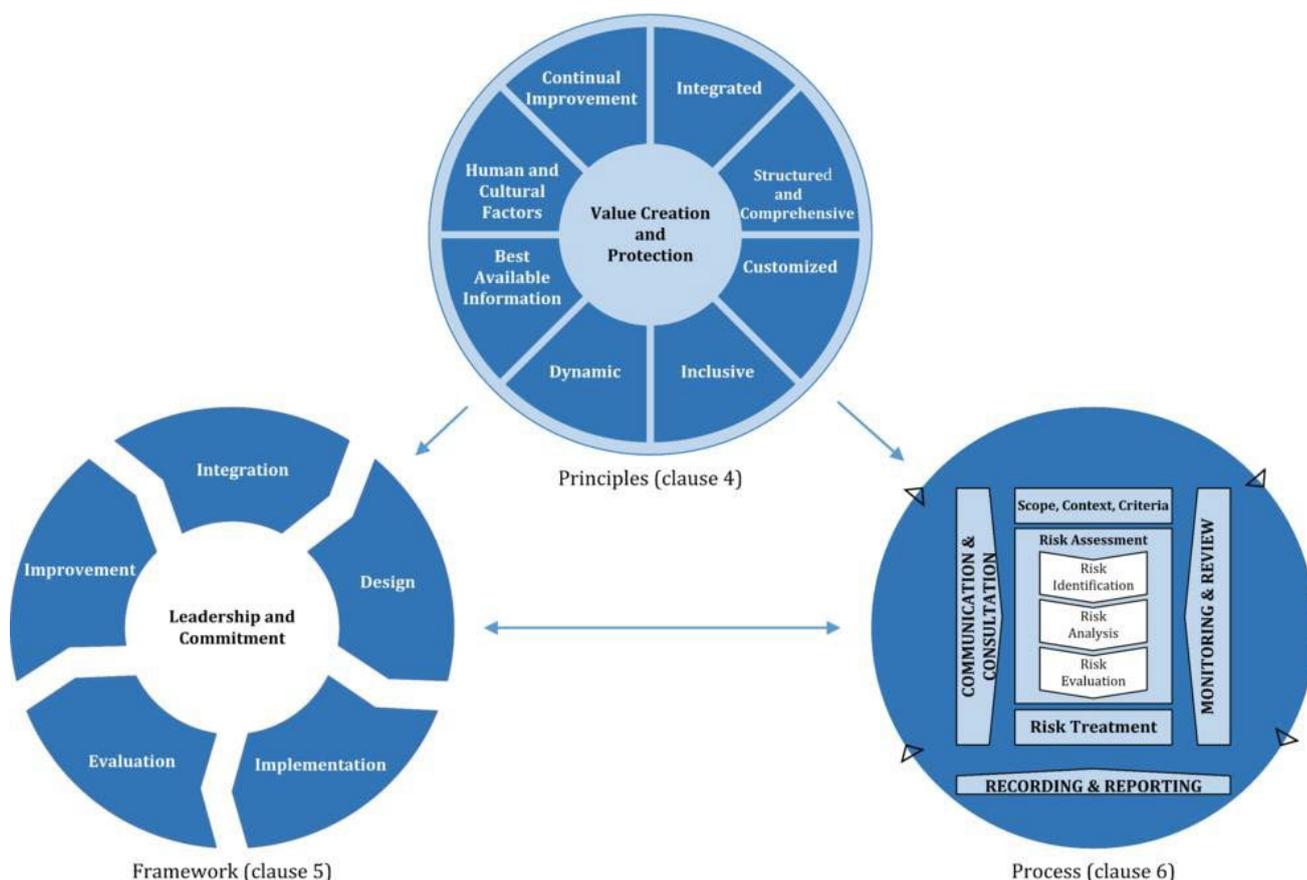
This Framework establishes Council's commitment to implementing appropriate risk management practices throughout the organisation in accordance with the Standard so as to achieve its risk management objectives.

Scope

Council's Risk Management Framework applies to all levels of the organisation - Council staff, management, Councillors, key stakeholders, contractors, service providers and the like. It extends to all of Council's current and future strategic and operational activities, business practices, policies, strategies, plans and procedures, as well as new opportunities for the organisation and the community.

Principles, Framework & Process

Council recognises the need to apply the Principles, Framework and Process detailed in *AS/NZS ISO 31000:20018 Risk Management - Guidelines* to ensure the management of risk in an efficient, effective and consistent manner.



Council’s Risk Management Framework (RMF) articulates how it ensures the comprehensive management of risks to support the delivery of the Community Strategic Plan.

The RMF is informed by the Community Strategic Plan and the Delivery and Operational Plans and consists of the ***Risk Management Policy***, ***Risk Appetite Statement (RAS)*** and ***Risk Management Plan***.

The successful interaction and integration of the Risk Management Policy, RAS and RMP (collectively referred to as the RMF) with the strategic and operational plans is essential for ensuring that Council has a common understanding in relation to key risk matters.

Integration

Council will integrate risk management into its strategic and operational functions. Organisational strategies, plans and programs will be aligned with this Framework, including in the following business areas:



Risk Management Culture

Council will effectively communicate and engage with staff at all levels of the organisation to build a positive risk aware culture that encourages all staff to proactively manage risks. Council will do this by:

- 'Setting the tone at the top' - ensuring Council's leadership promote and commit to risk management in a positive and proactive manner and communicate this with all staff
- Tailoring risk management training to ensure it is relevant to different levels of the organisation
- Engaging with staff about the benefits of risk management
- Communicating risk management roles and responsibilities
- Providing risk management support, ongoing guidance and resources to staff, including easily accessible risk management tools and systems
- Integrating risk management into strategic and business planning processes
- Participation in Statewide Risk Management Audits and regional risk initiatives.

Key Risk Categories

<p>1. Financial Sustainability</p>	<p>Risks that have an impact on Council's ability to manage its financial resources effectively over the long term without incurring undue financial stress or excessive dependence on external support.</p> <p>This includes generating enough revenue to cover expenses, maintain operations, and investing in future growth or stability whilst meeting all of its resource and financial obligations, including the provision of agreed services and properly maintaining our assets.</p>
<p>2. Assets & Infrastructure</p>	<p>Risks that impact Council's physical assets, and its ability to deliver internal and external services via these assets and infrastructure.</p>
<p>3. People & Culture</p>	<p>Risks that impact the ability of Council to attract and retain the required and appropriate staff; maintain the health and safety of employees; and manage staff productivity and performance.</p>
<p>4. Governance</p>	<p>Risks that impact Council's governance framework and the way it interacts with the multitude of essential stakeholders including regulators, Councillors, management, ratepayers, suppliers, financiers, government.</p>
<p>5. Cyber Security</p>	<p>Risks to the protection of the confidentiality, integrity and availability of information technology (IT) and operational technology (OT) systems, applications and data.</p>
<p>6. Reputation</p>	<p>Risks that impact Council's reputation in the community and media, as well as with the government.</p>

Risk Appetite Statement

The risk appetite is the amount of risk an organisation is willing to accept in pursuit of its strategic goals. The Risk Appetite Statement (RAS) considers the most significant categories of potential risks to Council and provides an outline as to how much risk Council is willing to accept in this area.

Our community is at the centre of everything we do. The community's priorities and aspirations for the future as well as their wellbeing form the basis of our Community Strategic Plan.

The needs of our community are front of mind in the development of our risk appetite as we balance the achieving of the goals set by our community with the risks inherent in the environments in which we deliver those outcomes.

Risk Appetite

Council, its management and staff (including contractors and volunteers) will consult Council's Risk Appetite in both strategic and operational decision making.

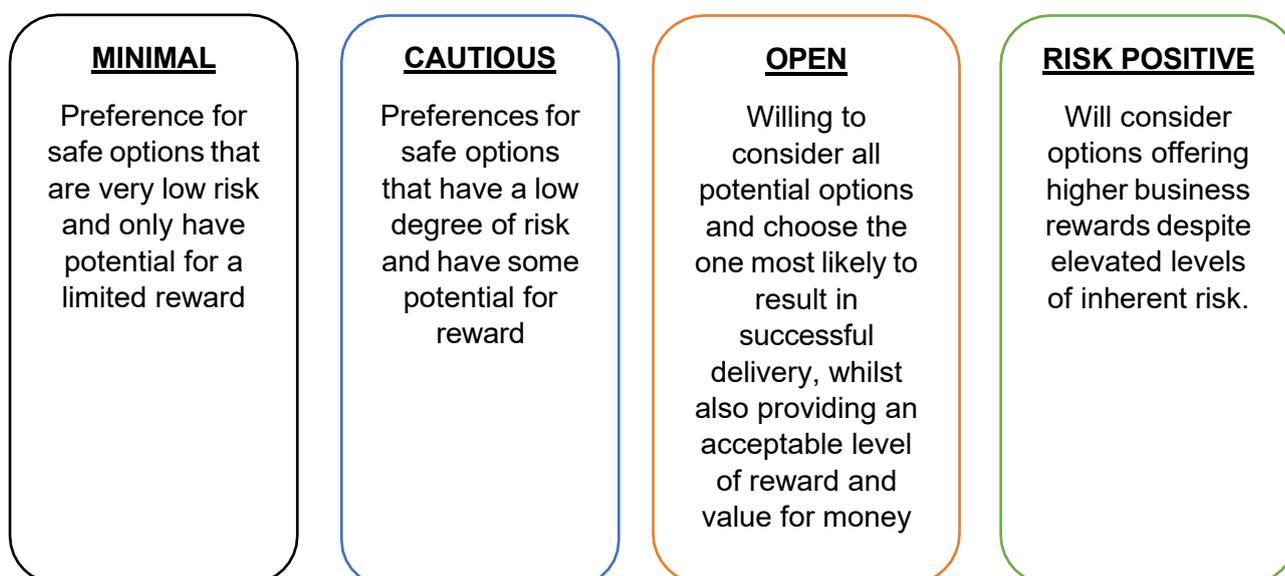
The Council's vision and strategic objectives will necessitate that Council accept some risks that accompany growth, transformation, innovation and are proportionate with the potential reward.

Overall, Council has a balanced approach to its risk appetite aligned to its strategic objectives. Council's approach to risk appetite is to minimise our exposure to risks to our people and their safety, our reputation and corporate governance whilst accepting and encouraging an increased degree of risk in pursuit of our key strategic directives.

It is acknowledged that Council may at times undertake activities that inherently carry greater risks. As a result, Council's risk appetite in a particular risk category may on occasion be different to the risk level of particular activity or project within that category. The **Risk Management Plan** will detail requirements for identifying and managing risks at activity or project level.

Risk Appetite Ratings

Council categorises its level of risk appetite into four categories as can be seen below:



Risk Appetite Statement Summary:

		Appetite or willingness to accept risk			
		Minimal Preference for options that avoid risk or have low inherent risk	Cautious Preference for safe options with relatively low degree of residual risk for potential reward	Open Willingness to consider all options with an enthusiasm for innovation preference for options that provide for an acceptable level of reward	Positive Will consider options offering higher business rewards despite elevated levels of inherent risk.
Financial Sustainability		✓			
Assets & Infrastructure	<i>Major assets, critical facilities or essential services</i>		✓		
	<i>Non-critical facilities or non-essential services</i>			✓	
People & Culture	<i>WHS</i>	✓			
	<i>Other</i>			✓	
Ineffective Governance	<i>Governance Framework</i>		✓		
	<i>Legal</i>	✓			
Cyber		✓			
Reputation			✓		

Risk Tolerances

Risk tolerances are the boundaries set for risk taking. The risk appetite statement informs the development of risk tolerances for Council and provides guidance on how the Risk Appetite Statement is to be applied to everyday business actions and decisions. While risk appetite is a qualitative statement, risk tolerances operationalise the statement by using quantitative measures where possible to better enable monitoring and review.

The Risk Appetite will set the tone for risk taking in general, whilst the tolerance informs:

- Expectations for mitigating, accepting and pursuing certain types of risk
- Boundaries and thresholds for acceptable risk taking
- Actions to be taken or consequence for acting beyond appropriate tolerances

Implementation of the Risk Appetite Statement

Council's appetite for and tolerance of risk as outlined in the Risk Appetite Statement (RAS) form the basis of our approach to managing risk in our day-to-day activities.

The RAS informs the Enterprise Risk Management Policy and Framework which provide the structure for our risk management processes. Staff are responsible for managing their risk environment. This includes having appropriate controls in place and monitoring their effectiveness.

These risks are identified, assessed and managed at both enterprise level ('top-down') and at operational level ('bottom-up').

Risk registers are used to document the risks. Risks outside the appetite or agreed tolerance levels should be managed in line with this RAS and should be reported to the Executive Management Committee. The Executive Management Committee up is accountable for compliance with this RAS. Risk appetite also needs to be articulated for discussion at Council meetings and at the Audit Risk and Improvement Committee meetings.

Risk Appetite Statement

1. Financial Sustainability

Risks that have an impact on Council's ability to have sufficient funds to meet all of its resources and financial obligations, including the provision of agreed services and properly maintaining our assets.

Key underlying factors which contribute to these risks include:

1. Cost shifting from other tiers of government
2. Insufficient rate revenue (and/or growth) to deliver services
3. Inadequate insurance protections

*Council has a **minimal** appetite for variation in financial performance which can negatively impact long-term financial sustainability.*

Risk Tolerances

Council will tolerate
<ul style="list-style-type: none">• Minor unforeseen and unavoidable cost variations in capital projects within the established contingency allocated to each project• Minor losses, or capital outlays, attributable to new processes or innovation to improve services to meet community needs.• Calculated financial risks to deliver infrastructure, improve service delivery or promote ecological sustainability.• Minor cost impacts of the implementation of weighted scoring in procurement to benefit local competent suppliers.
Council will not tolerate
<ul style="list-style-type: none">• Financial activities and/or investment practices that contravene legislated or policy requirements• Failure to maintain or implement effective systems, processes and controls which adequately protect Council from fraudulent activity• Fraudulent or corrupt financial transactions• Actions that have a significant negative impact on long term financial sustainability.• Available funds below target over a five-year period• A three-year average operating deficit.

2. Assets & Infrastructure

Risks that impact Council's physical assets, and its ability to deliver internal and external services via these assets and infrastructure.

Key underlying factors which contribute to these risks include:

1. Capacity to finance assets & infrastructure management
2. Costs of maintaining/upgrading/replacing assets and infrastructure
3. Impact of supply of resources & materials (including inflationary pressure)

*Council has a **cautious** approach to risks associated with major assets, critical facilities or essential services.*

*Council adopts an **open** approach to risks associated with non-critical facilities and non-essential services;*

Risk Tolerances

Council will tolerate

Moderate financial and reputational impacts arising from the implementation of new of innovative technologies:

- Moderate impacts leading to short term disruption to community due to implementation of construction procedures which provide value for money provided community has been informed
- Moderate short-term financial impact on capital costs of projects where there are demonstrated long term sustainable gains
- Moderate impacts to infrastructure due to implementation of new technology, innovation initiatives or projects.
- Unforeseen interruptions of up to 2 days to critical infrastructure from uncontrollable events where Council responds and communicates promptly to impacted stakeholders.
- Minor unforeseen and unavoidable cost variations in capital projects within the established contingency allocated to each project

Council will not tolerate

Failure of third-party contractors to provide services within budget and agreed timeframes.

- Non-completion of a significant portion of new or renewal infrastructure projects beyond financial year (or scheduled completion period if project runs across multiple years).
- Significant delays to projects that are considered within Council control
- Asset failure significantly earlier than the projected lifespan of the asset
- Failure to administer and manage contracts appropriately
- Significant foreseeable variations in contract price due to aspects of the project within the control of Council
- Failure to escalate critical infrastructure damage or issue within 2 hours.
- Failure to develop plans to respond to a disruption and ensure continuity of operational infrastructure.
- Activities that result in reasonably foreseeable and preventable fatalities, harm, serious injuries or illnesses to our Community, Customers, Councillors or Employees.

3. People & Culture

Risks that impact the ability of Council to attract and retain professional staff; maintain the health and safety of employees; and manage staff productivity and performance

Key underlying factors which contribute to these risks include:

- a. Limited capacity to attract and retain professional staff
- b. Rapidly rising employment market costs
- c. Inadequate employee numbers
- d. Compliance with employee health, safety and wellbeing regulation

We support a safe and healthy workforce that treats everyone fairly.

*Council has a **minimal appetite** for work practices, actions or inactions that compromise the health and safety of people including staff, contractors, volunteers, clients and community.*

*Council has an **open appetite**, and is willing to consider all potential options including innovative and enterprising solutions to recruit and retain professional staff and manage staff productivity and performance*

Risk Tolerances

Council will tolerate

Minor unforeseen incidents or injuries that arise from time to time while undertaking normal activities:

- Minor morale issues relating to improving workforce performance.
- Minor staff grievances that can be dealt with through normal internal mechanisms.
- Practices that are not in line with best practice if safety and duty of care is not compromised.
- Minor morale and staff grievances due change within the organisation due to innovation or change management processes leading to more efficient and effective outcomes.

Council will not tolerate

Actions or behaviours that are deliberate and willingly contravene the Code of Conduct and WHS policies and procedures:

- Practices that knowingly compromise workplace or community health and safety (including discrimination, harassment or bullying).
- Activities that result in reasonably foreseeable and preventable fatalities, harm, serious injuries or illnesses to our Community, Customers, Clients, Councillors or Employees.
- Events that occur arising from untrained employees or failed internal processes.
- Unsafe infrastructure and work environments

4. Ineffective Governance

Risks that impact Council's governance framework and the way it interacts with the multitude of essential stakeholders including regulators, Councillors, management, ratepayers, suppliers, financiers, government.

Key underlying factors which contribute to these risks include:

- a. Challenges with adhering to community expectations
- b. Adequacy of financial controls
- c. Strategic and budget planning processes (including compliance)
- d. Access to qualified staff

*Whilst Council is committed to good governance, it has a **cautious** appetite for risks associated with operating within its governance framework seeking innovative approaches to governance practices subject to compliance with legislation and protection of our interests in a consistent and fair manner.*

*Council has **minimal** appetite for significant breaches of legal/regulatory obligations or contractual agreements that could result in fines, penalties or reputational damage.*

Risk Tolerances

Council will tolerate
<ul style="list-style-type: none">• Decisions made on merit in accordance with Council values that are not in line with professional advice.• Minor technical breaches that have been considered by Council.• Temporary non-compliance due to unrealistic regulatory timeframes.• Risks which may give rise to isolated complaints that are incidental to normal business activities despite best efforts to avoid or mitigate• Streamlined governance processes subject to effective controls remaining in place
Council will not tolerate
<ul style="list-style-type: none">• Corrupt or fraudulent conduct by staff, councillors or contractors• Unreasonable delays when reporting, investigating or correcting any fraudulent, improper, unethical or corrupt conduct.• Any instances where Council Officials knowingly break the law, fail to comply with legal obligations or recklessly breach internal policies.• Material breaches of legislation or the Code of Conduct• Failure to consider expert / professional legal advice.• Unauthorised release of confidential information.• Any behaviour which gives rise to extensive litigation and indictable offences.• Failure to comply with Government Directions or orders

5. Cyber Security

Risks that impact Council's protection of the confidentiality, integrity and availability of information technology (IT) and operational technology (OT) systems, applications and data

*Council has a **minimal** appetite approach to safeguarding from both external and internal threats, misuse, modification and unintended damage.*

Risk Tolerances

Council will tolerate
<ul style="list-style-type: none">• Some cyber threats which if they were successful would have a minor or limited impact upon Council's business because they do not compromise the integrity, confidentiality or availability Council information or assets• Timely remediation of identified cyber security control weaknesses• Scheduled outages that are agreed to by the business owners and are regarded as part of normal business activities• Implementation of new technologies which create new opportunities for business improvement and innovation of systems which also could involve some minor to moderate risk.
Council will not tolerate
<ul style="list-style-type: none">• Cybersecurity threats that could have been prevented through judicious application of technical and behavioural controls.• An unprepared response in the event of an external cyber attack• Significant threats to assets arising from external malicious attacks• Misuse, inappropriate distribution or loss of sensitive or confidential council information due to the actions of staff• Prolonged unplanned outages of critical Council systems and services• Failure to maintain systems and services which adequately protect Councils data and information and maintain adequate audit trails• A lack of diligence in relation to information security the procurement and implementation of ICT systems and services• Data loss due to inappropriate data management processes• Poor information governance processes

6. Reputation

Risks that impact Council's reputation in the community and media, as well as with the government

Key underlying factors which contribute to these risks include:

- a. Ability to administer Council governance effectively
- b. Failure to comply with/undertake legislative requirements
- c. Loss of community trust in Council elected members and/or administration

Council recognises the importance of protecting its reputation but does however understand that negative publicity may occur where there is competing priorities and interests in the Community.

*Council has a **cautious** appetite for significant impacts on Council's reputation.*

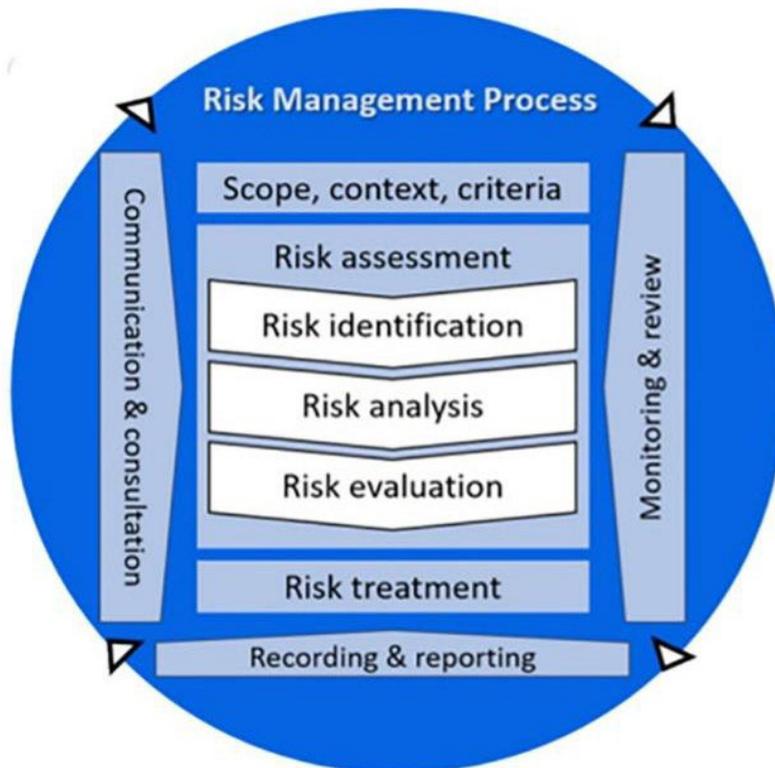
Risk Tolerances

Council will tolerate
<ul style="list-style-type: none">• Moderate adverse local media and social media scrutiny or a number of complaints relating to action which delivers longer term benefits to the community.• Isolated minor incidents, concerns and complaints that can be resolved by management.
Council will not tolerate
<ul style="list-style-type: none">• Improper, unethical, corrupt, unprofessional behaviour or failure to exercise respect and duty of care in accordance with our Council values and policies.• Material breaches of the Code of Conduct.• Failure to uphold the probity of council decision making.• Any failure to avoid or appropriately manage conflicts of interest.• Failure to act in a fair, honest, transparent and accountable manner.• Decision-making that is not open, honest and transparent and reflects the long-term interests of the community.• Failure to notify Executive of significant incidents that may impact Council reputation in less than 24hrs of the incident occurring.• Complaints that are not responded to in a prompt and professional manner within 21 days

Risk Management Process

The Risk Management Process is the systematic application of management policies, procedures and practices to the tasks of establishing context, identifying, analysing, evaluating, treating, monitoring and communicating in relation to risk.

Council will apply the following Process as defined by *AS ISO 31000:2018 Risk Management - Guidelines*:



Risk management process overview

Step 1	Communication and Consultation	Communication and consultation with relevant internal and external stakeholders are to be undertaken at all stages of the risk assessment process to bring different areas of expertise together, ensure different views are appropriately considered, provide sufficient information to facilitate risk oversight and decision making and to build a sense of inclusiveness and ownership among those affected by the risk. It involves promoting awareness and understanding, as well as seeking feedback and information to support decisions made throughout the process.
Step 2	Establishing the scope, context and criteria	This part of the process is undertaken to gain an understanding of the purpose of the risk assessment and factors that may require consideration throughout the process. It includes establishing and defining the scope of the activity being assessed and associated boundaries of the risk assessment; the relevant objectives to be considered and any relevant relationships to other projects, processes and activities; desired outcomes from the steps to be taken; decisions that need to be made; the internal and external environment; resources required and associated responsibilities; risk assessment criteria, tools and techniques to be applied and records to be kept throughout the risk assessment process.
Step 3	Risk Assessment	<i>The risk assessment process comprises the following key steps:</i>
	1. Risk Identification	Identifying risks involves consideration of what, how, why and when events might occur that could have an impact on achieving the objectives of the activity or operation being assessed. During this process consideration is to be given to Council's adopted Risk Categories. A variety of methods can be used to identify risks, such as brainstorming and SWOT analysis. Relevant, appropriate and up to date information is important to identifying risks.
	2. Risk Analysis	Risk analysis is undertaken to determine and understand the level of risk being faced. It involves a detailed consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls and their effectiveness. Risk analysis provides input to risk evaluation, decisions on whether risk needs to be treated and how, and on the most appropriate risk treatment and methods. Risk analysis should be undertaken using Council's adopted Risk Assessment Criteria.
	3. Risk Evaluation	The purpose of risk evaluation is to support decisions. It involves comparing the results of the risk analysis with the Council's established risk criteria to determine if the level of risk is acceptable or additional action is required in order to continue with the activity or operation being assessed. Options may be to do nothing; consider risk treatment options; undertake further analysis; maintain existing controls; reconsider objectives; and it should consider the wider context and the action and perceived consequences to both internal and external stakeholders.
Step 4	Risk Treatment	Risk Treatment involves the development and implementation of additional controls, such as systems and procedures, to address the risk. Risk Treatment involves an iterative process of formulating and selecting risk treatment options; planning and implementing risk treatment; assessing the effectiveness of the treatment; deciding on whether the remaining risk is acceptable and if not acceptable, taking further treatment. Depending on the activity or operation that is being assessed and the priority of the risk, risk treatment strategies can involve the development and implementation of long or short term risk treatment action plans. Risk Evaluation (Step 3) and Risk Treatment (Step 4) should be undertaken with consideration of Council's adopted risk appetite, Preferred Risk Treatment Options and ALARP.
Step 5	Monitoring and Review	Monitoring and review of the risk management process, its implementation and outcomes ensures its continued quality and effectiveness and identifies opportunities for improvement. It will ensure that identified risks and controls remain relevant, controls remain effective and that any new risks are appropriately identified, recorded and managed appropriately. It should be a planned and documented part of each stage of the process and associated responsibilities should be clearly defined.
Step 6	Recording and Reporting	The risk management process and its outcomes are required to be documented and reported regularly to ensure continued communication in relation to risk management activities and outcomes, to provide information for decision-making, to improve risk management activities and to assist interaction with stakeholders.

Risk Assessment Form

To ensure a consistent approach to documenting risk, Council staff will document the risk assessment process using Council's standard Risk Assessment Form template. The level of detail recorded will be commensurate with the activity or project scope, level of risk and resource availability. Council's Risk Assessment Form is maintained by Council's Risk & Insurance Co-ordinator and a copy is available in Smartsheet or upon request.

Risk Assessment Criteria

The risk management process will be undertaken in accordance with Council's following adopted criteria to assess strategic and operational risks (unless exceptions below apply). The criteria are aligned with Council's organisational key objectives and risk appetite.

Table 1	Risk Consequences Rating	To determine the types and severity of risk consequences that could arise
Table 2	Risk Likelihood Rating	To determine how likely, it is that the risk will occur
Table 3	Control Effectiveness Rating	To calculate the effectiveness of controls on reducing the likelihood and consequences of the risk
Table 4	Risk Rating Matrix <i>(Risk rating calculation tool)</i>	To calculate the overall Inherent Risk Rating (prior to controls) and Residual Risk Rating (after controls); Risk Rating = Consequence Rating x Likelihood Rating
Table 5	Preferred Risk Treatment Options and ALARP	To establish the preferred

Exceptions to risk assessment criteria

Work health & safety risks

Work health and safety risks at the higher strategic and operational level will be assessed in accordance with the criteria defined in this Framework. However onsite operational WHS risks will be assessed in accordance with the criteria defined in Council's *Work Health & Safety Management System*.

Table 1: Risk consequence rating

Risk Categories	Consequence Rating				
	Insignificant	Minor	Moderate	Major	Severe
	1	2	3	4	5
Financial Sustainability	Negligible financial loss < \$1,000	Minor financial loss \$1,000 - \$25,000	Substantial financial loss \$25,000 - \$100,000	Significant financial loss \$100,000 - \$500,000	Major financial loss >\$500,000
Assets & Infrastructure	Facilities are unable to be occupied for up to 24 hours. Isolated, insignificant impact on service delivery; minimal inconvenience to customers, clients and community (< 24 hours)	Infrastructure is not able to be Occupied/usable; Short term minor impact on service delivery; some inconvenience & customer/community/client dissatisfaction (24 hrs – 1 months)	Infrastructure is not able to be occupied / usable; Medium term disruption to services; moderate inconvenience & increased customer dissatisfaction (1-6 months)	Partial loss of a critical facility/service; Significant inconvenience & high-level customer dissatisfaction (6months to 1 year)	Loss of critical facilities/service for >12 months; widespread customer dissatisfaction
People & Culture	Insignificant injury; no first aid required; no impact on staff morale / performance	Minor injury; first aid required; minor impact on individual staff morale / performance	Injury or illness requiring medical attention; several days leave; short term impact on staff morale / performance	Long term illness or injury; extensive medical attention and leave required; medium term impact on staff morale/ performance within multiple business areas	Fatality; permanent disability, illness or disease; long term impact on staff morale/performance across organisation
Governance	Isolated non-compliance of minimal significance; minor fine; internal staff warning	Minor breach of legal obligations; improvement notice; minor fine / penalty	Substantial breach of legal, contract or license obligations; adverse finding; substantial fine / penalty/loss of funding	Significant breach of legal, contract or license obligations; adverse finding with long term significance; significant fine / penalty / loss of contract	Major breach of legal, contract or license obligations; adverse findings against Council and / or individuals; major fines or penalties; possible imprisonment; loss of ability to provide service
Information and Communication Technology (ICT)	No or negligible impact; No release or negligible release of sensitive information; negligible inconvenience	Minor impact and/or minor inconvenience	Short term distress to any party; Impedes effective Council operations in some way	Any risk to personal safety; Limited long term distress; Significant inconvenience; Seriously impedes Council operations; Significant impact of release of sensitive information	Directly threatens life; Substantial long term distress to any party; Substantially impedes Council operations; Substantial inconvenience or impact; threat to viability of organisation
Reputation	Isolated complaints from members of the community; one off insignificant enquiries from local media and/or on social media	Minor unfavourable local and/or social media attention; heightened concern and criticism from narrow group/s within the community	Short-term adverse local and / or social media attention; moderate community dissatisfaction; potential government agency concern	Significant adverse local / state media attention; public outcry and community dissatisfaction across multiple Council localities; potential government agency enquiry	Sustained adverse local, state and/or national media attention; severe widespread dissatisfaction and loss of community trust; potential loss of Government support & adverse intervention

Table 2: Risk likelihood rating

Likelihood Rating		Description	Estimated Probability
Almost Certain	5	The event is expected to occur in most circumstances in the current environment; frequent past event history	>90%
Likely	4	The event will probably occur in most circumstances in the current environment; some recurring past event history	61-90%
Possible	3	The event might occur at some time; some past warning signs or previous event history	21-60%
Unlikely	2	The event could occur at some time, no event history	2-20%
Rare	1	The event may occur but only in exceptional circumstances; no past event history	<2%

Table 3: Control effectiveness rating

Effectiveness Rating	Description	Quantification
Effective	Control is mostly reliable, efficient and effective; will significantly reduce the risk likelihood and/or consequences; fully documented processes and well communicated.	up to 99% effective
Somewhat effective	Control is somewhat effective; will have some effect on reducing risk likelihood and/or consequences; additional action required to improve existing controls and/or possibly implement some additional controls; improved documentation and/or communication of controls required.	up to 60% effective
Ineffective	Control is not reliable, efficient or effective; will not reduce the risk likelihood and/or consequence; reliable, effective and efficient controls to be developed and implemented; controls need to be documented and communicated.	0% effective

Table 4: Risk rating matrix

Risk Rating = Consequence Rating x Likelihood Rating

Risk Likelihood Rating		Risk Consequence Rating				
		Insignificant	Minor	Moderate	Major	Severe
		1	2	3	4	5
Almost Certain	5	Medium	High	High	Extreme	Extreme
Likely	4	Medium	Medium	High	High	Extreme
Possible	3	Low	Medium	Medium	High	High
Unlikely	2	Low	Low	Medium	Medium	High
Rare	1	Low	Low	Low	Medium	Medium

Table 5: Preferred Risk Treatment Options (including ALARP)

Residual Risk Rating	Preferred Risk Treatment Options	Minimum reporting / escalation level
Extreme	<p>Preferred treatment options: Avoid</p> <ul style="list-style-type: none"> • Cease activity, process or task until further directed. • Requires immediate escalation and active management through additional and effective treatment measures to reduce risk before proceeding. • Detailed planning required in consultation with the General Manager to prepare a risk management plan. 	General Manager
High	<p>Preferred Treatment Options: Avoid, Transfer or Mitigate</p> <ul style="list-style-type: none"> • Subject to discussions with Director, consider ceasing activity, process or task temporarily to consider alternative options or review risk treatment strategies to enhance adequacy and effectiveness. • Consider implementation of additional or improved controls to reduce the risk to ALARP. • Continue to monitor control effectiveness. 	Director (Escalate to General Manager as deemed necessary)
Medium	<p>Preferred Treatment Options: Mitigate or Accept</p> <ul style="list-style-type: none"> • Subject to discussions with Supervisor, Co-ordinator or Team Leader (and/or Manager), review risk treatment strategies to determine their adequacy and effectiveness. • Consider implementation of additional or improved controls to reduce the risk to ALARP. • Continue to monitor control effectiveness. 	Manager (Escalate to Director as deemed necessary)
Low	<p>Preferred Treatment Options: Accept and identify corrective action</p> <ul style="list-style-type: none"> • Manage by existing routing procedures and work practices. • Continue to monitor control effectiveness. 	Responsible staff (Escalate as deemed necessary)

ALARP – As low as reasonably practicable

ALARP involves weighing the benefits and opportunities to be gained from managing the risk and continuing with the proposed activity against the effort, time and resources needed to control the risk.

When determining if additional treatment options should be implemented, consideration should be given to the level of risk that would remain if additional controls were implemented.

- **Unacceptable** - where the cost or resource required to implement further risk treatment is grossly disproportionate to the risk control improvement gained, a decision should be made to cease the activity altogether or find an alternative course of action (except in cases where overriding factors mean there is no choice but to implement the identified additional control measures).
- **Acceptable - ALARP** - *aim for this level of risk treatment* - where the cost, resources and effort required to implement additional risk treatment is acceptable and worthwhile given the risk control improvement gained and resulting benefits achieved from continuing with the activity, operation or project being assessed.

Records Management

Adequately recording the risk management process will:

- Ensure compliance with the State Records Act 1998 (NSW) and associated Council policies
- Ensure the integrity of the process and support good corporate governance practices by demonstrating due diligence
- Provide an audit trail and evidence of a structured approach to risk identification and analysis;
- Provide a record of why decisions were made, including to assist in the defence of claims brought against Council; and
- Facilitate risk management reviews and reporting.

Risk Registers

Council will develop and maintain organisational Risk Registers to:

- Ensure that all internal and external risks and opportunities have been captured so that Council has a current and comprehensive understanding of its risks, as well as assurance that risks are being managed within Council's risk appetite; and
- Allow for effective risk and control evaluation, analysis, treatment, monitoring and reporting.

Collaboratively the following Risk Registers will form Council's risk profile and will inform process improvement opportunities across the organisation.

Register Type	Responsibility
Strategic Risk Register	The General Manager and Directors are responsible to adequately maintain, monitor, review and report on the Strategic Risk Register in accordance with the Review and Reporting Schedule included in this Framework.
Operational Risk Register	<p>Council's Risk Management Team will hold workshops at a management level to develop Operational Risk Registers for each Department.</p> <p>Each Manager is responsible to adequately maintain, monitor, review and report on their Operational Risk Register in accordance with the Review & Reporting Schedule included in this Framework.</p> <p><i>It is acknowledged that team input is vital to ensuring adequate identification and assessment of Operational Risks and it is therefore recommended that regular review of risks and controls at this level be included as a standing item on Team meeting agendas.</i></p>
Project / Activity Risk Register	<p>Council staff are required to undertake and document risk assessments where considered necessary in relation to day to day activities, operations and specific projects and the like so as to ensure risks are adequately addressed. Council's Risk Management Team will assist with this process. Circumstances that may warrant the development of specific risk assessments may include, but are not limited to:</p> <ul style="list-style-type: none"> • At the planning stages and during Council managed projects, including construction projects and major events; • Where a new process is planned, or an existing process is being reviewed. • Following a significant incident, near miss or the like. • When required by Council policy or procedure. • As deemed necessary for inclusion in reports to Council in relation to matters such as requests for additional significant funding allocations and high risk projects.

Risk Registers will be made available to the Audit, Risk & Improvement Committee as necessary.

Roles, Responsibilities and Accountability

All Council staff are responsible to ensure they take an active role in the management of risks relative to their area of operation in accordance with this Framework. Risk management responsibilities will be included in staff position descriptions and accountability will be monitored.

The risk management responsibilities at the various levels of the organisation are defined below.

Roles	Responsibilities
Audit, Risk & Improvement Committee (ARIC)	<p>Council's Audit, Risk & Improvement Committee (ARIC) is an independent advisory Committee to Council to promote good governance and practice throughout the organisation. Its role is to monitor, review and advise the Council on matters of accountability and internal control affecting the operations of Council.</p> <p>The role and responsibilities of the Committee are governed by its adopted Charter which defines its purpose, composition, structure, authority and reporting requirements.</p>
All Staff and Volunteers	<p>All employees and volunteers are required to undertake risk management training, identify and manage risks in their area of operation and responsibility in accordance with this Framework and to report risk related incidents in a timely manner.</p>
Council (Councillors)	<p>Council is responsible to set the organisational risk appetite and recognise the need for risk management resources to support the achievement of risk management objectives.</p> <p>Council will appropriately consider risk management issues raised in reports and make informed decisions based on the associated risks and potential opportunities.</p> <p>Council will give due consideration to risk management reports from Council's Audit, Risk & Improvement Committee.</p>
General Manager	<p>The General Manager is ultimately responsible to ensure there is an adequate risk management system in place that is consistent with Council's business, ethical and professional standards.</p> <p>The General Manager is responsible to ensure the resources are available to effectively implement and maintain Council's Risk Management Framework.</p>
Directors	<p>The Directors are responsible to advise on Council's risk appetite, promote risk management across the organisation and ensure risk management is embedded in their area of operation.</p> <p>Directors will ensure the allocation of appropriate resources for the implementation and maintenance of Council's Risk Management Framework and is responsible for the development, ongoing review and refinement of Council's Strategic Risk Register.</p>
Managers	<p>Managers are responsible to manage risk in their respective areas of accountability and responsibility and to support employees in identifying, managing and communicating risk.</p> <p>Managers are responsible for the development and ongoing review of Operational Risk Registers within their area of accountability in accordance with this Framework. Managers are responsible for promoting risk management in support of an organisational risk aware culture.</p>
Risk Management Team	<p>The Risk Management Team is responsible for developing and maintaining risk management protocols, procedures and tools and for providing risk management training and support throughout the organisation.</p> <p>They are responsible for regular reporting to the General Manager and Directors concerning risk management activities and facilitating the development and review of risk registers across the organisation.</p>

Review and Reporting Structure

Council's risk review and reporting structure will be implemented to assist in:

- Monitoring Council's performance in mitigating risks and seizing positive opportunities
- Informing decision making, identifying improvement opportunities and improving performance
- Ensuring changing circumstances are considered against risk priorities and any additional risks are identified, documented and assessed appropriately
- Reviewing relevance and effectiveness of existing risk controls
- Measuring the success of Council's Risk Management Framework.

Review by Council's Audit, Risk & Improvement Committee is considered essential in ensuring the independent and holistic review of Council's performance and to provide assurance to the General Manager and Council that risks are being appropriately managed.

Reviews and reports will be co-ordinated by Council's Risk Management Team in accordance with the following schedule, however it is noted that additional and/or specific risk management reporting may be required from time to time.

Strategic risk register

Council's General Manager and Directors are responsible to review Council's Strategic Risk Register.

The Strategic Risk Register will be reviewed on a minimum annual basis and as high-level risks emerge. Reviews will be reported to Council's Audit, Risk & Improvement Committee.

Operational risk registers

Managers are responsible for the review of Operational Risk Registers. Operational Risk Registers will be reviewed on a minimum annual basis and as high-level operational risks emerge. Reviews will be reported to Directors and where required to the General Manager and Council's Audit, Risk & Improvement Committee.

Council Managers will include the review of operational risks, controls and associated risk treatment action plans on their team meeting agendas. This will facilitate a consultative approach to ensuring risks remain relevant, controls continue to be effective and that any new or emerging risks are identified and managed adequately.

Risk management framework

Council's Risk Management Framework will be reviewed on a minimum annual basis by Council's Risk Management Team to ensure its continued effectiveness and relevance and to identify improvement opportunities. Where significant amendments to the Framework are recommended, approval will be required by the General Manager and Directors, and a report presented to Council.

Performance and Success Measures

The performance and success of Council's Risk Management Framework will be assessed with consideration of the following five key attributes of enhanced risk management:



Council's Risk Management Team may use various methods to measure and report on the strengths and weaknesses of Council's performance, including:

- Organisational surveys to monitor risk management awareness and knowledge
- Statistics on staff participation in risk management training
- Analysis of data gathered from organisational risk reporting and internal audit results, as well as incident and claim statistics.

A review of Council's performance will assist in identifying improvement opportunities in relation to this Framework and will be reported to the Executive and Council's Audit, Risk & Improvement Committee as necessary.

Annexure A - Definitions

The key risk management terminology used within the Framework is in accordance with AS ISO 31000:2018 Risk Management - Guidelines and ISO Guide 73:2009 Risk Management - Vocabulary. ISO also maintains a terminological database at the following address:

<http://www.iso.org/obp>

Risk Term	Definition
Risk	Risk is the effect of uncertainty on objectives, where an effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats. Risk is usually expressed in terms of risk sources, potential events, their consequences and their likelihood.
Types of Risk	<p>Strategic Risks</p> <p><i>Risks (either internal or external) which may impact upon the ability of the organisation to achieve its strategic objectives as set out in Council's Community Strategic Plan.</i></p> <p>Operational Risks</p> <p><i>Risks which may impact upon the ability to achieve day to day service delivery commitments.</i></p>
Risk management	Co-ordinated activities to direct and control an organisation with regard to risk
Risk management policy	Statement of the overall intentions and direction of an organisation related to risk management
Risk management framework	<p>A set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.</p> <p>The foundations include the policy, objectives, mandate and commitment to manage. The organisational arrangements include plans, relationships, accountabilities, resources, processes and activities. Risk management framework is embedded within the organisation's overall strategic and operational policies and practices.</p>
Risk management plan	Scheme within the risk management framework specifying the approach, the management components and resources to be applied to the management of risk. Components typically include procedures, practices, assignment of responsibilities, sequence and timing of activities.
Risk management process	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context and identifying, analysing, evaluating, treating, monitoring and reviewing risk

Communication & consultation	Continual and iterative processes that an organisation conducts to provide, share or obtain information, and to engage in dialogue with stakeholders regarding the management of risk
Stakeholder	A person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity
Establishing the context	Defining the external and internal parameters to be considered when managing risk, and setting the scope and risk criteria for the risk management policy
Risk criteria	Terms of references against which significance of a risk is evaluated. Risk criteria are based on organisational objectives and external and internal context
Risk assessment	The overall process of risk identification, risk analysis and risk evaluation
Risk identification	The process of finding, recognising and describing risks. Risk identification involves the identification of risk sources, events, their causes and their potential consequences. Risk identification can involve historical data, theoretical analysis, informed and expert opinions, and stakeholders needs
Risk description	A structured statement of risk usually containing four elements, events, causes and consequences
Risk source	Element which alone, or in combination, has the potential to give rise to risk
Event	Occurrence or change of a particular set of circumstances. An event can have one or more occurrences and can have several causes and several consequences. An event can be a risk source
Hazard	Source of potential harm. Hazard can be a risk source
Risk owner	Is the person or entity with the accountability and authority to manage a risk
Risk analysis	Process to comprehend the nature of risk and to determine the level of risk. Risk analysis provides the basis for risk evaluation and decisions about risk treatment, and includes risk estimation
Likelihood	The chance of the risk happening
Exposure	Extent to which an organisation and/or stakeholder is subject to an event
Consequence	The outcome of an event. A consequence can be certain or uncertain and can have positive or negative direct or indirect effects on objectives
Risk matrix	Tool for ranking and displaying risks by defining ranges
Level of risk (Risk rating)	Magnitude of a risk or combination of risks, expressed in terms of the combination of consequence and their likelihood
Risk evaluation	Process comparing the results of risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable. Risk evaluation assists in the decision about risk treatment
Risk appetite	The amount and type of risk that an organisation is willing to pursue or retain

Risk treatment	<p>Is the process to modify a risk. Risk treatment options include:</p> <ul style="list-style-type: none"> • Reducing the risk by lowering the likelihood and/or consequences of the risk. • Sharing elements of the risk with key stakeholders. • Eliminating the risk by avoiding the risk or removing the risk source. • Taking or increasing the risk in order to pursue an opportunity or retaining the risk by informed decision. <p>Risk treatments that deal with negative consequences are sometimes referred to as "risk mitigation", "risk elimination", "risk prevention" and "risk reduction"</p>
Control	Measure that maintains and/or modifies risk. Controls include, but are not limited to, any process, policy, device, practice, or other conditions and/or actions which maintain and/or modify risk.
Inherent risk	The level of risk that exists prior to the implementation of risk control measures
Residual risk	The level of risk remaining after risk control measures have been taken
Monitoring	Continual checking, supervising, critically observing or determining the status in order to identify changes from the performance level required or expected. Monitoring can be applied to a risk management framework, process, risk or control
Review	Activity undertaken to determine the suitability, adequacy and effectiveness of the subject matter to achieve established objectives. Review can be applied to a risk management framework, process, risk or control
Risk reporting	Form of communication intended to inform particular internal or external stakeholders by providing information regarding the current state of risk and its management
Risk register	Record of information about identified risks. The term "risk log" is sometimes used instead of "risk register"
Risk profile	Description of any set of risks. The set of risks can contain those that relate to the whole organisation, part of the organisation or as otherwise defined
ALARP	'As Low as Reasonably Practicable' - ALARP involves weighing the benefits and opportunities to be gained from managing the risk and continuing with the proposed activity against the effort, time and resources needed to control the risk