Risk Management Strategy

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Risk Management Strategy
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Foreword

We operate in a demanding natural, social and business environment and few public sector organisations are faced with as diverse and complex an array of potential risks as Bayside Council. Improving our risk management capability is an organisation wide imperative.

This Risk Management Strategy builds upon the existing holistic and comprehensive systems and culture Council has in working within a diverse risk environment.

Risk management is not risk avoidance. Risk management is about taking an informed approach to risks encountered while undertaking business and delivering services in an evolving world. A systematic approach to risk management will not restrict creativity or innovation, it will provide guidance and parameters. Risk management is intended to minimise or avoid loss by systematic, informed and inclusive decision making. It encourages careful consideration of available options when decisions are made and risk mitigation methods are selected.

In developing and applying an informed risk management approach, we consider how to protect our operations from risks whilst continually maximising opportunities via:
• placing our customers at the centre of everything we do:
• consideration of innovative, alternative strategies arising from Quality systems compliance and continuous improvement effort;
• development of contingency plans;
• monitoring and review of incidents and customer feedback that alert to increased risk now or in the future;
• Business continuity and disaster recovery planning; and
• effective Council-wide collaboration in managing and treating identified risks.

Council's Risk Management Strategy outlines the ongoing operation of an holistic risk reporting and review process, providing guidance for business units at all levels and fostering their knowledge of risk management within the parameters of the International Standard for Risk Management ISO 31000:2009.

Meredith Wallace
General Manager

Foreword

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1 Risk Management Framework

1.1 Purpose

This Risk Management Strategy aims to provide a comprehensive overview of Council's risk management approach, including systems and processes to assist all staff, stakeholders and Councillors to effectively manage enterprise risk.

As there will be few significant activities or initiatives conducted within Council that are risk free, risk management should be a primary competency of all Council staff and stakeholders including elected Councillors. The Strategy sets out the management system in which these skills can be developed and applied.

The Risk Management Strategy aims to ensure a consistent, proactive and holistic approach by defining enterprise risk management processes across all sections of Council and eliminating to the greatest extent possible differential risk management practices and approaches within Council.

1.2 Risk Management Policy

The *Risk Management Policy* has been approved by Council and sets the tone for Council's risk management approach and establishes the risk management responsibilities of an Administrator, Councillors, Council's Risk & Audit Committee, management, staff and key service providers.

This Risk Management Strategy supports Council's Risk Management Policy by further defining the systems and processes necessary to maintain an effective and efficient risk management framework.

1.3 Benefits of Managing Risk

The benefits of a risk aware culture will be fostered by regular Risk Management reviews at Executive Committee level, managing Council-wide risks to provide outcomes including but not limited to:
• the broadest possible enterprise reach for management of risk;
• informed decision-making and planning;
• improved identification of opportunities and threats;
• pro-active rather than re-active risk treatment and management;
• effective allocation and use of resources;
• improved stakeholder confidence and trust;
• improved compliance with key legal and regulatory requirements;
• enhanced corporate governance; and
• enhanced communication and reporting of risk.

This approach will be supplemented with the role of the Risk & Audit Committee to review and advise Council as to whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of business and financial risks.

1.4 Risk Management Framework

Bayside Council's risk management framework includes all the people, systems, policies and processes that identify, assess, mitigate and monitor all material internal and external sources of risk.

Therefore, Council will maintain a risk management framework appropriate to the size, culture and complexity of its operations and environment.

1.5 Risk Management Function

Risk management is a shared responsibility. The activities necessary for a robust risk management function will be shared amongst the Administrator, Councillors, Risk & Audit Committee, management, staff, key service providers and other relevant stakeholders.

In accordance with the *Risk Management Policy*, Council's risk management activities will be coordinated within the Governance and Risk Business Unit by the Coordinator Risk Management, utilising internal and external resources where appropriate.

1.6 Risk Management Technology

Council will utilise risk management technology tools to:
- document risks, their likelihood and their consequences;
- document risk treatments and controls and their level of expected effectiveness in reducing the level of risk;
- produce risk profiles at enterprise and segment levels detailing inherent and residual (post treatment) risk levels;
- maintain a functional and accessible risk register; and
- produce risk treatment plans and monitor their progress for each business unit or activity.

Risk management technology will enable transparency of information assist in coordinating various risk management activities.

2 Procedures and Practice

2.1 Risk Management Approach

Council applies the International Standard for Risk Management (ISO 31000:2009) in managing risk. This is a structured, best-practice and proven approach that is to be applied Council-wide to support the management of strategic, operational, financial, regulatory and other risk.

Under this approach, there are five key stages to the risk management process.
1   Communicate and consult - with internal and external stakeholders
2   Establish context - the boundaries
3   Risk Assessment - identify, analyse and evaluate risks
4   Treat Risks – implement and assess controls to address risk
5   Monitoring and review – risk reviews and audit

Refer to figure 1 on the following page for an illustration of the ISO 31000:2009 risk management approach.
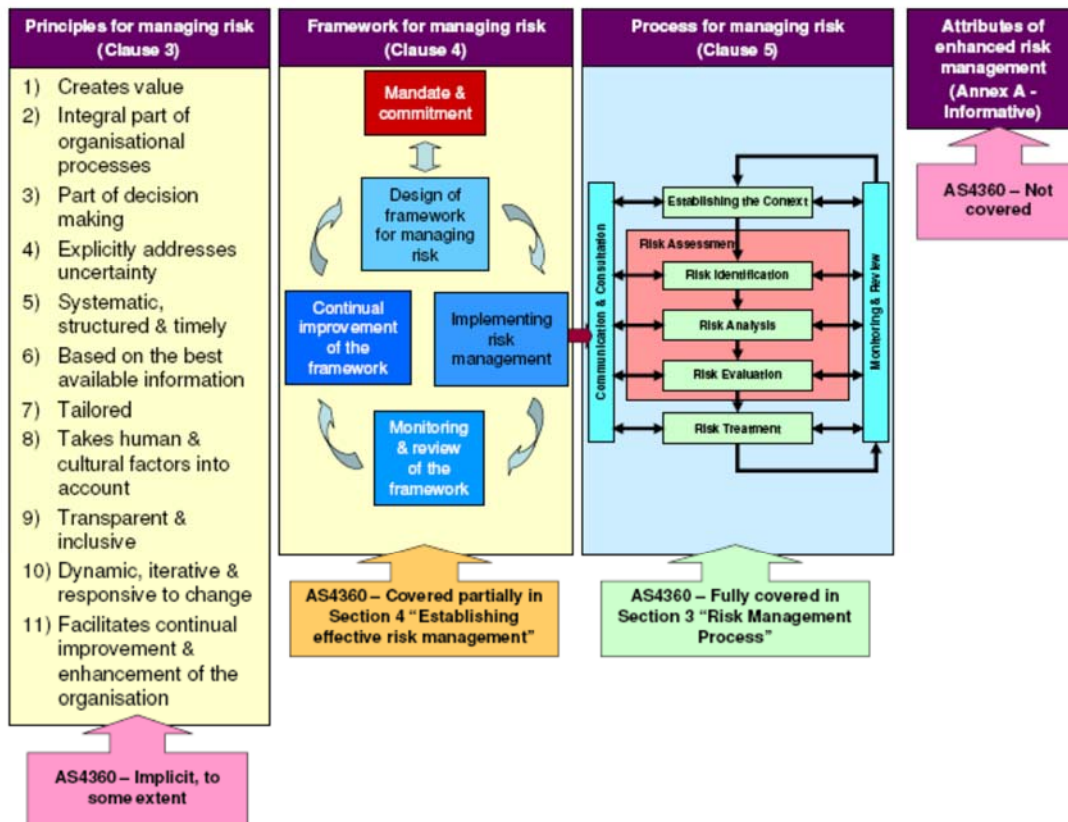
Figure 1: Our risk management approach using ISO 31000:2009 Risk Management Standard

2.2 Establish Context

Establishing the context of risk management at Bayside Council is the foundation of a solid risk management program and culture which is vital to the successful implementation of the risk management process.

Context is typically established by the Executive Committee and involves establishing boundaries around the depth and breadth of risk management efforts to help Council stay focused and align the risk management framework to relevant matters.

Important considerations when determining context include:
• Council's external environment – social factors, demographics, economic, environmental
• Council's stakeholders – community, regulators, developers, environmentalists, politicians, unions, media, insurers, service providers, staff and volunteers
• Council's internal environment – goals, objectives, culture, risk appetite/tolerance, organisational structures, systems, processes, resources, key performance indicators and other drivers.

Considering the nature of council activities, there are minimal undertakings conducted within Council that are risk free.

The context of risk management at Bayside Council is 'enterprise wide'.

Enterprise risk management is the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects in order to improve the achievement of enterprise objectives.

This means Council will consider risks across all Council strategies, plans, activities and processes including:

- Community Strategic Plans
- Delivery Programs
- Annual Operational Plans
- Workforce Plans
- Financial Plans And Budgets (Annual and Long Term)
- Asset Management Plans
- Social and Environmental Plans
- Land Use Plans
- Standard Operating Procedures

2.3 Risk identification

Risk identification is the process of identifying risks facing Council. This involves thinking through the sources of risks, their potential hazards, the possible causes and the potential exposure.

Risk identification occurs within the context of the risk management activity, procedure or process. Council focuses on effective management of the following material Risk Categories:

- Strategic risks;
- Operational Service Delivery risks;
- Environmental risks;
- Financial risks;
- Legal and Regulatory Compliance risks;
- Human Resources risks;
- Information Systems risks;
- Reputational;
- Project risks; and
- Emerging risks

It is important to undertake a systematic and comprehensive identification of all risks including those not directly under the control of Council. The key questions when identifying risks are:

- What can happen?
- Where can it happen?
- When can it happen?
- Why can it happen?
- How can it happen?
- What is the impact?
- Who is responsible?

Council may utilise a number of methods to help identify risks that could materially impact the business:

- Brainstorming
- Formal risk workshops and consultation with stakeholders
- Personal experiences
- Expert judgement
- Periodic working committee meetings

- Periodic reviews of the risk register
- Scenario analysis
- Business process reviews & work breakdowns
- Review of actual incidents and issues identified
- SWOT analysis

It is also important to consider the potential causes of a risk as it will help to address the risk - the next stage of the risk management process. Some causes of risk could include:
- commercial/legal relationships
- socio-economic factors
- political/legal influences
- personnel/human behaviour
- financial/market activities
- management activities and controls
- technology/technical issues
- the activity itself/operational issues
- business interruption
- natural events
- custody of information including the duty to provide and withhold access

2.4 Risk Analysis

Once risks have been identified, they are then analysed. This involves considering and rating the likelihood of occurrence and potential consequences. At this point, no consideration is given to existing controls.

The **likelihood** of occurrence is the probability of an event occurring.   When considering the likelihood of a risk, you need to consider both the probability and frequency of occurrence.

Likelihood ratings.

Rating	Likelihood	Description	Quantification
1	Rare	The event may occur but only in exceptional circumstances. No past event history.	Once every 50 years or more. Less than 10% chance of occurring.
2	Unlikely	The event could occur in some circumstances. No past event history.	Once every 20 years. Between 10% and 30% chance of occurring.
3	Possible	The event may occur sometime. Some past warning signs or previous event history.	Once every 5 years. Between 30% and 70% chance of occurring.
4	Likely	The event will probably occur. Some recurring past event history	Once a year. Between 70% and 90% chance of occurring
5	Almost Certain	The event is expected to occur in normal circumstances. There has been frequent past history.	Several times a year. Greater than 90% chance of occurring.

Table 1: Likelihood Ratings

The **consequence** assessment is the effect or impact of the risk event. It is measured both financially (in terms of profit/loss or balance sheet impact) and operationally (human & physical). Council will utilise the following consequence ratings.

Table of Consequences

Consequence Rating	Impact on Council's Objectives	Financial Impact	Operational Impact	Reputational Impact	Compliance Impact	HR Impact	Environmental Impact
Extreme	Most objectives can no longer be achieved

Complete revision of long term business model required | More than $3m pa recurrent impact on operating budget

More than $10m one-off budgetary impact | Key activities and essential services disrupted for over 14 days

Death or serious injury / illness to members of the community

Sustained and significant dissatisfaction with Council service delivery | Council or senior management, sustain significant adverse national media coverage

Reputational damage that will be likely to take many years to repair. | Council removed from office by Minister and Administrator appointed

Investigation by ICAC or other agency with compulsory powers to examine witnesses in public hearings into substantial allegations of fraud and / or serious misconduct by Councillors or Officers | Sustained major negative impact on staff morale

Serious injury requiring long term medical treatment

Loss of life

Major sustained breach of WHS Legislation, prosecution,

Staff retention less than 80% | Environmental incident causing damage directly leading to extinction of a species of flora or fauna;

Toxic chemical spill with enduring contamination and serious human health consequences requiring closure or isolation of land |
| **Major** | A number of significant business objectives can no longer be achieved | Between $1m and $3m recurrent impact on operating budget, one off impact between $5m and $10m. | Key services disrupted for between 2 and 14 days

significant reductions in customer satisfaction

injury or property damage resulting in litigated claims against Council | Investigation by external body resulting in substantive negative findings

significant adverse media at state and local level

significant & well publicised outcry from residents, long story life. | Council required to show cause why it should not be suspended from Office by Minister.

Council issued with Performance Improvement Order(s) by Minister concerning substantial matters of Councillor and/or Officer conduct.

Council found to be criminally liable

Council found to be liable for penalties and/or damages >$5m | Major one-off breach of work place legislation

Major localised negative impact on morale

Lost time injuries requiring major medical treatment,

Staff retention rate between 80% and 85% | Environmental incident causing significant damage to threatened species or habitat and / or seriously endangered ecological community |

Consequence Rating	Impact on Council's Objectives	Financial Impact	Operational Impact	Reputational Impact	Compliance Impact	HR Impact	Environmental Impact
Moderate	Some important business objectives can no longer be achieved	Between $200k and $1m recurrent impact on operating budget one off impact between $1m and $5m	Key services disrupted for between 1 and 2 days short term or isolated reductions in customer satisfaction minor injury or property damage claims.	Medium term local media coverage concerns from sections of the community governance breaches or failures notified to external bodies but dealt with internally.	Council Convicted for breach of legislation in Court or Tribunal	Minor breach of workplace legislation short duration lost time injury requiring minor medical treatment staff retention rate between 85% and 90% negative impact on morale.	Pesticide spill into waterway causing harm to native species Inappropriate pesticide use at playgrounds Exposing acid sulphate soils in recreation area
Minor	Some reprioritisation of resources to enable business objectives to be achieved	Between $50k and $200k recurrent impact on operating budget one off impact between $0.2m and $1m	Key services disrupted for <1 day one-off reductions in customer satisfaction minor injury or property damage not resulting in a claim on Council	Short term local media coverage heightened concerns from narrow group of residents governance breaches or failures dealt with internally without the need for external referral	Council issued minor fine or penalty for breach of legislation in court or tribunal and / or ordered to pay compensation or damages pursuant to breach	Short term impact on staff morale minor injuries or illness from normal activities treated by first aid.	Pollution of waterways with sediment runoff due to incorrect construction site management Minor breach of environmental licence resulting in court attendance notice
Low	Little or no impact on business objectives	<$50k recurrent impact on operating budget, one-off impact <$0.2m.	Usual scheduled interruptions unscheduled interruptions for <4 hours.	One off insignificant adverse local media or public complaints.	Council issued with fixed Penalty Infringement Notice for breach of legislation	Localised raising of concerns by staff Isolated incidents and/or 'near miss' occurrences.	Tree removal in environmentally sensitive area leading to protest and local environmental concern Isolated infringement of environmental licence leading to fixed penalty

Table 2 : Table of Consequences

Inherent risk is the overall raw risk. It is determined by combining the likelihood and consequence ratings. Ultimately, the level of inherent risk will determine how a risk is treated. The following table depicts the inherent risk levels that will be used by Council.

Risk Ratings	Consequence				
Likelihood	1. Very Low	2. Minor	3. Moderate	4. Major	5. Extreme
5. Almost Certain	High	Very High	Extreme	Extreme	Extreme
4. Likely	Medium	High	Very High	Very High	Extreme
3. Possible	Low	Medium	High	Very High	Extreme
2. Unlikely	Low	Medium	Medium	High	Very High
1. Rare	Low	Low	Low	Medium	High

Table 3: Risk Level Ratings

2.5 Inherent Risk Evaluation

Risk evaluation involves comparing the level of risk found during the analysis process against Council's known priorities and requirements.

Depending on the level of inherent risk, treatment strategies will vary:

Extreme: Require immediate action as the potential risk exposure could be devastating to the organisation

Very High: Requires action very soon (within 3 months), as it has the potential to be damaging to the organisation.

High: Requires treatment with routine or specific procedures.

Medium: Continue to monitor and re-evaluate the risk, ideally treat with routine procedures.

Low: Continue to monitor and re-evaluate the risk, ideally treat with routine procedures.

Any risks accorded too high or too low a significance are adjusted, and documented accordingly. The output of the risk evaluation is a prioritised list of risks for further action.

Once each risk has been re-assessed in light of current controls or management strategies, mapping the re-assessed risks onto a matrix will assist in determining whether risks should be prioritised for further action. If the resulting risks fall into the low or acceptable risk categories they may be accepted with minimal further treatment.

Low and accepted risks should be monitored and periodically reviewed to ensure they remain acceptable. If risks do not fall into the low or acceptable risk category, they should be treated using one or more of the options considered below.

2.6 Addressing Risks

Addressing risks involves identifying and evaluating existing controls and management systems to determine if further action (risk treatment) is required.

Existing controls are identified and then assessed as to their level of effectiveness. Council will utilise the following control effectiveness ratings.

Rating	Effectiveness	Description	Quantification
0	Not Effective	The control does not address risk	0%
1	Slightly Effective	The control is not reliable as it is not well designed, documented and/or communicated.	1-20% effective
2	Somewhat Effective	Control may be reliable but not very effective as control design can be improved.	21-40% effective
3	Reasonably Effective	Control is reliable but not efficient as documentation and/or communication could be improved.	41-60% effective
4	Mostly Effective	The control is mostly reliable and efficient. Documentation exists but can be better communicated.	61-80% effective
5	Very Effective	Control is reliable and efficient. Fully documented process and well communicated.	81-100% effective

Table 5: Control Effectiveness Ratings

Residual Risk   is the level of risk after considering existing controls. It is determined by applying the effectiveness of existing controls to inherent risk.

Ultimately, the level of residual risk will determine how a risk is treated.

Where controls exist and are considered effective to manage the risk down to medium/low and or within risk appetite, the residual risk will be low and typically, no further work is required except for periodic monitoring.

Where controls either do not exist or are considered ineffective to manage the risk down to medium/low and or within risk appetite, the residual risk could be medium to extreme and risk treatment is required. Where Council accepts the remaining residual risk and risk treatment is planned, it is good practice to document the reason why.

Risk Treatment involves identifying the range of options for treating unacceptable risks, assessing those options, preparing risk treatment plans and implementing them.

Risk treatment options include:
• Eliminating the risk;
• Avoiding the risk (reduce likelihood or consequence);
• Transferring the risk;
• Retaining the risk.

A **Risk Treatment Plan** will be developed by Managers for complex and significant (generally 'High" risk rating or above) risk items shown on the Risk Register.

The treatment plans adopted will be documented and their implementation tracked as part of the reporting process.

2.7 Monitoring and Review

Few risks remain static. Risks will be continuously monitored and reviewed; and the effectiveness of the controls in place and of the risk treatment plans will be assessed to ensure changing circumstances do not alter risk priorities. Feedback on the implementation and the effectiveness of the Risk Management Policy and Strategy will be obtained from the risk reporting process, internal audits and other available information.

2.8 Risk Escalation and Reporting

Risks are escalated for a number of reasons:

i.   The residual risk (after-treatment risk level) is above Council's risk appetite;
ii. The risk treatment actions are outside the control of Council; or
iii. The Section in which the risk owner is operating has attempted risk treatment actions, however, their efforts have not been successful.

When a risk assessment is first undertaken or when any risk review is conducted, any newly identified risks or increases in existing risk ratings are to be escalated (through normal reporting lines of supervision) consistent with the following table irrespective of the category of risk.

Risk Rating	Report to	Timing for Final Escalation*
Extreme	General Manager	Within 2 months of assessment Director within 1 month Manager within 2 weeks
Very High	Director	Within 1 month of assessment Manager within 2 weeks
High	Director	Within 1 month of assessment Manager within 2 weeks
Medium	Manager	Within 2 weeks of assessment
Low	Manager	Within 1 month of assessment

* In all instances the Coordinator Risk Management or their nominee should be notified within the same initial notification period. The Risk Register should be updated. The changes will be reported to the Executive Committee and Risk & Audit Committee in terms of regular reporting framework.

2.9 External Specialists

Specific and technical risk assessments, for example assessments of major structures, complex management systems or the geotechnical assessment of potential landslip sites are liable to require external expertise. The normal procedures for the engagement of consultants or contractors should apply.

2.10 WH&S Risk Assessments

Work Health and Safety risk is not subject to this strategy and policy document.

For risks management processes and guidelines relating to Work Health and Safety, please refer to Council's Work Health and Safety Policy and Procedures.

3   Roles and Responsibilities

People, specifically managers, who are designated 'risk owners' will play a key role in Council's risk management framework. An overview of key risk management responsibilities is set out below.

3.1 Council or Administrator

Council or Administrator (if appointed), is responsible for overseeing Council's risk management framework through the normal course of good governance. Responsibilities specific to the risk management framework include:

- reviewing and approving the Risk Management Policy and Risk Management Strategy,
- periodic monitoring of risk management systems and processes,
- providing feedback to management on important risk management matters/issues raised by management,
- supporting management in communicating the importance and benefits of good risk management to stakeholders.

3.2 Audit and Risk Committee

The Audit and Risk Committee is responsible for reviewing and advising Council as to:

- whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of business and financial risks, including fraud and theft.
- whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
- the impact of the risk management framework on its control environment and insurance arrangements; and
- whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically.

3.3 General Manager

The General Manager is responsible for ensuring risks are managed across all activities and supporting the implementation of the risk management framework by:

- communicating commitment and progress to all staff and relevant stakeholders regularly;
- periodically reviewing risk profiles of Council and ensuring key activities are undertaken in a timely manner;
- reporting known potential risks, emerging risks or major incidents to Council (or a representative committee of Council) in a timely manner;
- Ultimately determining if the levels of residual risk are acceptable;
- ensuring that risk management activities are aligned to Council policy, strategy and objectives;
- ensuring sufficient funds are available to support effective and efficient management of risks;
- overseeing processes that help ensure that the operation of, and activities undertaken by Council are compliant with established systems and procedures and regulatory requirements.

3.4 Directors and Executive Committee

Directors are responsible for the maintenance of sound risk management practices within their area of responsibility to ensure the delivery of effective, efficient and economically sound business and:

- oversee the alignment of Risk Management strategies with Council's corporate objectives;
- promote best practice in Risk Management, risk treatment and internal controls;
- consider risk reports and endorse appropriate Risk Treatment recommendations; and
- monitor business unit implementation of Risk Management strategies.

3.5 Manager Governance & Risk

The Manager Governance & Risk will monitor the efficiency, effectiveness and economy of Risk Management practices and risk mitigation strategies and report deficiencies to the General Manager and Risk & Audit Committee through the Executive via the Director City Performance

3.6 Coordinator Risk Management

The Coordinator Risk Management is responsible for establishing and monitoring the process for the management of risk throughout the Council. The Coordinator Risk Management is also responsible for:

- developing and continually improving the Risk Management Framework to ensure it meets applicable International and Australian Standards and Council's requirements;
- facilitating the planning, direction and management of the Risk Management function across the organisation in conjunction with individual managers;
- facilitating risk assessments and risk profiling from a holistic approach;
- supporting individual managers with recording, maintaining and monitoring results of risk assessments;
- ensuring the risk management framework remains relevant and appropriate for Council;
- making recommendations on all aspects of the risk management framework to the General Manager, Executive, Managers, Coordinators and risk owners;
- providing advice and support to councillors, managers and all staff on risk management matters;
- providing or coordinating the delivery of appropriate and relevant training to staff to promote a positive risk, compliance and control culture;
- providing input to the organisation's learning programs which will give managers and staff training to improve risk management skills;
- periodically reviewing key risk management related documents including risk register, risk profiles, policies, plans, procedures and authorities;
- periodically reporting the status of key risks and risk treatment plans to the Council Executive and Risk & Audit Committees.

In addition to their other duties, the Risk and Claims Officer shall support the Coordinator Risk Management in all areas of risk management responsibility as required.

3.7 Managers

Managers are the risk owners and are required to create an environment where the management of risk is accepted as the personal responsibility of all staff, volunteers and contractors.

Managers, Coordinators and Team Leaders are accountable for the implementation and maintenance of sound risk management processes within their area of responsibility in conformity with Council's risk management framework including:
•   identifying, recording and periodically evaluating risks;
•   identifying, recording and assessing effectiveness of existing controls;
•   implementing and maintaining effective internal controls;
•   developing treatment plans to treat higher level risks in a timely manner;
•   maintaining up to date risk profiles/risk registers through periodic reviews and updates;

Managers, Coordinators and Team Leaders are also responsible for supporting good management practices that complement risk management including:
•   complying with and monitoring staff compliance to Council's policies, procedures, guidelines and designated authorities;
•   maintaining up-to-date information and documentation for key operational processes
•   incorporating risk treatment plans into Council's Management Plan and budget

3.8 Internal Auditor

The core function of Internal Audit is to provide an independent assurance or opinion to Council via the Risk & Audit Committee on the effectiveness of risk management functions carried out by management.

Internal Audit will liaise with the Coordinator Risk Management to Review the Enterprise Risk Register on a quarterly basis and to apply this as a key consideration into the Council's Internal Audit Program prioritised and endorsed by the Risk and Audit Committee.

3.9 Staff

All staff are required to act at all times in a manner which does not place at risk the health and safety of themselves or any other person in the workplace.

Staff support risk owners and are responsible and accountable for taking practical steps to minimise Council's exposure to risks including contractual, legal and professional liability in so far as is reasonably practicable within their area of activity and responsibility.

All staff must be aware of operational and business risks. Particularly, staff should:
•   provide input into various risk management activities;
•   assist in identifying risks and controls;
•   report all emerging risks, issues and incidents to their manager or appropriate Council officer;
•   follow Council policies and procedures;

4   Documentation

Important risk management processes and activities will be documented throughout Council. Documentation is important for the following reasons:

- it gives integrity to the process and is an important part of good corporate governance;
- it provides an audit trail and evidence of a structured approach to risk identification and analysis;
- it provides a record of decisions made which can be used and reviewed in the future;
- it provides a record of risk profiles for Council to continuously monitor.

4.1   Key documents

Key documents will include:

- *Risk Management Policy* – Establishes commitment and provides a high level overview of risk management framework;
- *Risk Management Strategy* – Details the risk management framework processes and activities;
- *Risk Register & Risk Profiles* – Documents the key risks and controls for Council activities and processes.
- *Risk Treatment/Action Plans* – Document strategies to treat risk levels higher than acceptable risk appetite

4.2 Maintenance of Key Documents

Risk documentation including risk profiles, risk registers, written/formal risk assessments, risk/control audits, self-assessments will be maintained in the Risk Register system.

These records may be called upon in the management of ongoing treatments, as evidence in incident investigations, in dealing with insurance matters or during other inquiries, and for audit purposes.

Risk management records should be reviewed:

- On handover of responsibilities between managers
- On assumption of responsibility for a project or program
- Quarterly to match reporting requirements, and
- Whenever operating parameters are subject to major change

5   Reporting and Review

5.1   Risk Management Framework

Documentation including policies, procedures, risk registers and systems relating to the risk management framework will be subject to periodic review. This review is the responsibility of the Coordinator Risk Management and should be conducted at least annually.

5.2 Risk Register

It is important that risk owners review their risks regularly. Such reviews must be part of the annual management planning process to ensure that:

- risks are managed in the context of each Unit's objectives for the coming year;
- risk treatment plans are incorporated into the Management Plan; and
- where funding is required to implement risk treatment plans that it is incorporated into the Council budget.

5.3 Risk Treatment Plans/Action Plans

Risk owners are responsible for ensuring that actions contained in risk treatment plans (RTPs) are implemented effectively and within agreed timeframes. Action taken is to be recorded in the risk management system. In addition, Risk Owners are responsible for ensuring that actions contained in Risk Treatment Plans are included in their business plans and where appropriate the Council Management Plan.

5.4 Risk Status Reports

The Risk Management Coordinator is responsible for ensuring that the Council Executive and Risk & Audit Committees are kept up to date with the status of key risks and Risk Treatment Plans. This will be achieved via quarterly reports from the risk management system.

5.5 Summary of Actions, Reviews and Reports

Table 5 summarises the key actions, reviews and reports required by Council's Risk Management Strategy. It details who is responsible for each activity and the required timing.

Action	Description	Responsibility	Timing
Review Risk Management Policy and Risk Management Strategy	Review the currency and effectiveness of Council's Risk Management Policy and Risk Management Strategy	Manager Governance & Risk Coordinator Risk Management	Annually
Comprehensive Review of Risk Register	Review Risks and controls contained in Council's risk register and identify new or emerging risks	Risk Owners (coordinated by Coordinator Risk Management)	Every year in December in preparation for the next Management Plan process
Include Risk Treatment Plans in Management Plan	Ensure that actions required by Risk Treatment Plans (RTP) are incorporated into the Management Plan	Risk Owners (Internal Audit / Risk Manager to oversee)	Every year in February / March
Implement Risk Treatment Plans	Implement actions contained in risk treatment plans (RTP)	Risk Owners (Managers)	As identified in the RTP
Conduct specific risk assessments	Conduct risk assessments as required for new or altered activities, processes or events	Risk Owners (Coordinator Risk Management provides advice and support)	Quarterly reporting to Executive and Risk & Audit Committee
Risk Status Report	Report current status of key risks and RTPs to Executive and Risk & Audit Committee	Internal Audit / Risk Manager	Quarterly reporting to Executive and Risk & Audit Committee

Table 5: Summary of Key Activities

6 Document control

6.1 Review

This Strategy will be reviewed within 12 months of a new term of Council or more frequently in the event of any material changes in circumstances.

The General Manager, Director City Performance or Manager Governance & Risk may approve non-significant and/or minor editorial amendments that do not change the Strategy substance.

6.2 Related documents

Risk Management Policy

6.3 Version history

This Strategy has been harmonised from documents from former Councils.

Version	Release Date	Author	Reason for Change
1.0	14/06/2017 (Council via R&A Ctte)	Coordinator Risk Management	New document

Appendix 1– Risk Management Glossary

Adapted from ISO 31000: 2009

Action Plan   a Plan which sets priorities for risk treatment action responsibilities, timeframes, goals defined, proposed treatment measurers and follow up action.

Abatement   the process of reducing in amount or intensity any unwarranted Consequence

Consequence   outcome of an event expressed qualitatively or quantitatively (also both negative – a loss, injury, setback, disadvantage and positive – a gain, success, a windfall).

Enterprise risk   the culture, processes and structures that are directed towards management realising potential opportunities whilst managing adverse effects in order to improve the achievement of enterprise objectives.

Event   incident or situation that occurs in a particular place during a particular interval of time.

Exposure   an apparently risk bearing condition, issue or incident that has not been subject to risk appraisal and treatment.

Frequency   measure of the rate of occurrence of an event or outcome expressed as the number of occurrences of the event or outcome in a given time.

Hazard   a specific source of potential harm or a condition with a known potential to cause loss.

Intelligence   information which has been subject to judgment, particularly concerning the consequence or impact of an event or outcome and its likelihood.

Likelihood   a qualitative description of probability or frequency.

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.

Mitigation   the process and action taken to reduce or moderate an unwanted consequence, to lessen in intensity, force or frequency.

Probability   likelihood of a specific event or outcome occurring within a designated timeframe.

Project   "a temporary endeavour that is created for the purpose of delivering one or more business products according to an agreed Business Case". (PRINCE2 project management methodology definition)

Recovery   the measures and process undertaken to return to normal following loss or disaster.

Remediation   the remedying of a deficiency, especially applied to controlling or minimising hazards.

Residual Risk	remaining level of risk after risk treatment action has been taken.
Risk	chance of something happening that will have an impact upon objectives. It is measured in terms of consequences and likelihood. Risks can have both positive and negative effects on objectives. The concept of risk has two main elements (1) the likelihood of something happening and (2) the consequences if it happens.
Risk Acceptance	informed decision to accept the consequences and likelihood of a particular risk.
Risk Analysis	systematic use of available information to determine how often specified events may occur and the magnitude of their consequence.
Risk Appetite	The amount and type of risk that Council is prepared to pursue, retain or tolerate. It is expressed in the form of a Risk Appetite Statement which covers a number of critical risk categories as described in the Risk Matrix contained in the Risk Management Strategy.
Risk Appraisal	a simplified risk assessment
Risk Assessment	overall process of risk identification, analysis and evaluation leading to treatment.
Risk Aversion	an entrenched dislike of risk bearing situations or circumstances.
Risk Avoidance	informed decision not to become involved in a risk situation.
Risk Control	that part of risk management that involves the implementation of policies, standards, procedures and physical changes to eliminate or minimise adverse risks or consequences.
Risk Element	one operative factor or condition in an exposure or risk bearing activity – vehicle condition is one risk element.
Risk Evaluation	process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria.
Risk Identification	process of determining what can happen.
Risk Management	culture, processes and structures directed towards effective management of potential opportunities and adverse consequence;
Process	systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.
Risk Reduction	selective application of appropriate techniques and management principles to reduce either likelihood of an occurrence or its consequences or both.
Risk Retention	intentionally or unintentionally retaining the responsibility for loss or financial burden of loss within the organisation.

Risk Transfer	shifting responsibilities 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 to contain or reduce consequences to acceptable levels.