Risk Management Manual

Yarriambiack
SHIRE COUNCIL

Contents

Yarriambiack Shire Council encourages a working environment which promotes gender equality and models non-violent and respectful relationships.

Risk Management Manual

1 Role and Responsibility

The Councillors along with the Chief Executive Officer are responsible for setting a positive risk culture across the organisation.

The Chief Operating Officer is responsible for the monitoring, implementation and training of the risk management manual requirements across the organisation.

The Director Assets and Operations and the Director Community Development and Wellbeing are responsible for ensuring their team members adhere to the requirements of the Manual and embed the practices into their daily activities.

The Chief Operating Officer is responsible for monitoring and reporting on the Strategic and Operational Risks and the effectiveness of control measures each quarter to the Council, Extended Leadership Team and Audit and Risk Committee.

The Directors and Managers are responsible for monitoring and reporting on their assigned Operational Risks and the effectiveness of control measures:

a) Each quarter to the Extended Leadership Team and the Audit and Risk Committee.

b) Annually to Council.

Staff have a responsibility to identify and register risks.

2 Application

This Risk Management Manual applies to all Yarriambiack Shire Council Councillors, employees, volunteers and contractors working for the Council.

3 Commitment

The Councillors, Chief Executive Officer, Extended Leadership Team and Audit and Risk Committee are committed to:

a) Implementing the Risk Management Manual.

b) Implementing Risk Management as a governance framework across the organisation.

c) Reviewing the Risk Management Manual annually to ensure Council's risk management practices meet legislative requirements and Council's risk management appetite is aligned with the Council Plan objectives.

d) Communicating Council's Risk Management Manual requirements and educating on the application to all stakeholders to ensure compliance.

4 Audit and Risk Committee

In accordance with the *Local Government Act 2020,* Council must appoint an Audit and Risk Committee to support Council in discharging its oversight responsibilities.

The responsibilities of the Audit and Risk Committee include:

• Financial and performance reporting.

- Risk Management.

- Fraud prevention systems and control.

- Maintenance of sound internal control environment.

- Assurance activities including internal and external audits.

- Councils performance with regards to compliance with its policies and legislative and regulatory requirements.

5   Review of Manual

The Risk Management Manual incorporates Council's Risk Management Strategy, Policy, Framework and Guidelines.

The Manual is reviewed annually by the Chief Executive Officer to ensure Council's Risk Management practices meet the Council Plan's Strategic Objectives.

The Manual is reviewed every three years by the Audit and Risk Committee and Council, in accordance with Council's policy review cycle.

6   References

a)   Local Government Act 2020

b)   Victorian Managed Insurance Authority Tools and Resources

c)   Financial Management Act – Standing Directions (best practice guidance only)

d)   Occupational Health and Safety Policy and Manual

e)   Occupational Health, Safety and Wellbeing Guidelines

f)   Human Resource Policy and Guidelines Manual

g)   Performance Reporting Framework

h)   ISO 31000

7   Definitions

Risk event	An occurrence or change of a particular set of circumstances. May have one or more occurrences and can have several causes. An event can consist of something not happening and may also be referred to as an 'incident'.
Risk identification	The process of finding, recognising and describing risks. Involves the identification of risk sources, events and potential consequences. Can involve historical data, theoretical analysis, informed and expert opinions and stakeholder needs.
Risk management framework and guidelines	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk maturity	The benchmarking of an agency's risk management framework relative to leading practice

Risk profile	A description of any set of risks. The set of risks can contain those that relate to the whole organisation or part of the organisation.
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.
Risk register	Record of information about identified risks.
Risk strategy	A risk management strategy (may be referred to as the risk plan or risk policy) that outlines and describes the key elements of the risk management framework. It specifies the approach, the management components and resources to be applied to the management of risk.
Risk tolerance	The organisation's readiness to bear the risk after risk treatment in order to achieve objectives. Risk tolerances are based on the maximum level of acceptable risk and may be expressed in various ways depending on the nature of the risk.
Risk treatment	Process to modify risk, may include deciding to take, retain, avoid, remove, change or share the risk. Risk treatments that deal with negative consequence may also be referred to as risk mitigation.
Audit and Risk Committee	Legislated Committee under the Local Government Act 2020.

Council Approved Manual

Policy Adopted:	Ordinary Meeting 25 August 2021 (Replaces Risk Management Strategy, Framework and Policy that was adopted 24 July 2019)	Minute Book Page 70
Policy Reviewed:	Desk top review only by Chief Operating Officer and sign off by the Chief Executive Officer. Date: 04 April 2023	CEO Signature
Policy Review:	Ordinary Meeting 22 May 2024	

Risk Management Strategy

8 Overview

Risk Management is critical to the Yarriambiack Shire Council's ability to achieve the Strategic Objectives contained in the Council Plan. The Council has limited human, financial and material resources. Practical decision making in relation to their use is critical to the Council's achievement of its endorsed vision of developing Yarriambiack Shire Council as *"a connected rural community who values its land and wellbeing".* Not only must Council staff identify and minimise threats to the safe and effective employment of Council resources, they also have an obligation to identify and exploit opportunities to make such employment more efficient.

By fostering a Risk Management culture that encourages all staff to systematically apply the principles and procedures outlined in this strategy, the Council seeks to minimise resource waste and ensure that all Council events, activities and projects are undertaken with minimal risk to staff and the general public.

9 Strategy

9.1 Objectives

The Risk Management Objectives for Council are to:

a) Manage the effects of the uncertainty of Council meeting its objectives.

Identify, evaluate and prioritise Council's risks, opportunities and threats, with a view to:

- Exploiting opportunities.
- Reducing, mitigating, transferring or eliminating threats.

b) Promote and support Risk Management processes throughout the Council.

c) Recognise that successful Risk Management relies on input from ALL employees and stakeholders.

d) Allow for more effective allocation and use of resources.

e) Provide a basis for higher standards of accountability.

f) Protect the Council's corporate image as a professional, responsible and ethical organisation and an employer of choice.

9.2 Council's Strategic Actions

Council has identified a number of key strategic actions that are to be undertaken to achieve its overall Risk Management objectives.

Action	Desired Outcome
Implementation and completion of risk management communication and training for all Leadership Team	To ensure Management are aware of and take ownership of their role and responsibilities in relation to risk management.
Implementation and completion of risk management communication and training for all employees and sub-contractors.	To ensure staff and labour hire sub-contractors are informed and adhere to Council's risk management requirements.
Implement a training plan for all contractors who engage in works for Yarriambiack Shire Council, to	To ensure sub-contractors are informed and adhere to Council's risk management requirements.

Action	Desired Outcome
ensure they understand their risk management requirements.	
Implementation of standardised risk management practices across the Council.	To have a systemised approach to risk management across the organisation.
The establishment of a strategic and operational risk registers in RelianSys Software.	To establish a risk database to identify, monitor and control risks and to embrace opportunities for improvement.
The effective monitoring and reporting of strategic and operational risks each quarter as defined in this Manual.	To provide Councillors, the Audit and Risk Committee and Management with up-to-date data to make informed decisions.
Action Plan identified for all Outstanding Audit Actions on the Audit Task List, with the aim of closing out actions in a timely manner, based on risk rating.	To enhance governance practices and processes across the organisation.

10 Strategic Resources

The Strategy is to be continuously monitored and proposes a range of actions to enhance the management of risks both at a corporate and business unit level.

Implementation of the Strategy will confirm the risk management process as an integral part of Council's annual planning with links to the following:

a)   The Council Plan.

b)   Risk Management Policy and Framework (embedded in the manual).

c)   Individual staff performance objectives.

d)   Internal Audit Plan.

e)   External Audit Plan.

f)   Occupational Health and Safety Incident, Hazard and Near Miss Reporting.

g)   Mandates (Business Cases).

h)   Council Reports

10.1 Management of Risk

All employees, contractors and volunteers are to be familiar with and competent in the application of the Council's Risk Management Manual. Directors, Managers, Coordinators and Supervisors are accountable for adherence to the Manual requirements within their areas of responsibility.

All Management of Risk will address problems in the following priority order:

a)   Wherever possible, the risk should be eliminated. If this is not possible the usual hierarchy of controls should be applied.

b)   Transfer the risk by ensuring that external organisations with which Council is connected and in which it has an interest have adequate insurance and that the Council is indemnified and noted as an interested party.

c) Reduce the risk by undertaking hazard analysis and risk audits and preparing preventive/corrective action that Council will take following the analysis of its exposures, and developing procedures relating to the carrying out of complex tasks, including issue of advice and approval to customers.

d) Ensuring that the Council has adequate insurance and appropriate risk financing options for all risk exposures.

Insurance should be the last resort in managing risk exposure in the organisation.

10.2 The Main types of Risk

The Council's public liability insurer, Jardine Lloyd Thompson (JLT), conduct liability assessments on council in the following areas:

- IT Data Breaches

- Organisational Risk Management

- Reactive Risk Management

- Roads and Footpaths

- Playgrounds

- Recreational Reserves

- Tree Management

- Contract Management

- Written Agreements with Clubs/Casual Hirers

- Professional Liability - Building Services

- Professional Liability - Planning Services

- Professional Advice

- Health and Safety

As the listed areas are deemed to be the areas of highest risk by our insurer, the focus of Council's risk management will be targeted on, but not limited to, the above areas.

10.3 Risk Assessment

The implementation of the Risk Management Manual will minimise Council's exposure to potential losses. The identification of risks provides the Council with the opportunity to manage the risk and monitor the effectiveness of the processes that have been implemented.

The Risk Management procedure to be applied within the Yarriambiack Shire Council is based on ISO 31000:2018 Risk Management – Guidelines.

Council has developed a risk management system to record, analyse, evaluate control and monitor risks. The risk management system is administered in RelianSys Software.

Risk consequence categories and descriptors have been established and are assigned to each strategic and operational risk.

Outlined below in Table 1 are the risk categories and the description of each category.

Table 1

Management	Management Response requiring Attention over Days, Months, Weeks or Year (s). Organisational Restructure.
Environmental	Environmental Risk can be defined as the actual or potential threat of adverse effects on living organisms and the environment by effluents, emissions, wastes, resource depletion, etc., arising out of an organisation's activities.
Service	Disruption or Inability to deliver Council Services (Internal and External Services).
Financial	Financial Management, Insurance Portfolio, Infrastructure, Capital Development, Information Communication and Technology.
Legal and Compliance	Legal Issues, Breach of Regulations and/or Legislation, Major Fine or Legal Costs, Litigation, Investigations by Regulatory Bodies and Disruption to Operations and Services.
Reputation	Media Coverage in Local, State and National Newspapers and via Social Media. Investigations by External Governing Bodies. Loss of Services and Funding.
People	Workforce Planning, Practitioner Qualifications and Skills, Staff Training, Occupational Health and Safety, Ethics and Culture.

Table 2: Consequence Categories and Descriptor

Consequence Level		Financial	People	Reputation	Service	Legal & Compliance	Management	Environmental
Tier 5	Extreme	>$3m	One or more fatalities or severe irreversible disability to one or more people Resignations of large numbers of key management level staff with key skills, knowledge and expertise Staff are not up skilled to meet corporate objectives and key strategic priorities	National media coverage; Significant impact on funding for several years; long-term loss of clients	Total cessation of multiple services for many months	Major litigation costing $>3m; Investigation by regulatory body resulting in long term interruption of operations	Restructuring of organisation with loss of many senior managers	Significant environmental damage; fines or litigation costing $>3m, long term effect on community, facilities or projects.
Tier 4	Major	$1m - $3m	Extensive injury or impairment to one or more persons Many resignations of key staff and loss of key skills, knowledge and expertise. Staff not upskilled to meet Business Plan priorities and commitments.	State media coverage; CEO departs affecting funding or causing loss of clients for many months	Disruption of multiple services for several months	Major breach of regulation with punitive fine, and significant litigation involving many weeks of senior management time and up to $3m legal costs	Significant disruption that will require considerable senior management time over several weeks	Major environmental damage; fines or litigation costing $1m - $3m, medium term effect on community, facilities, or projects.
Tier 3	Moderate	$300k - $999k	Short term disability to one or more persons Some turnover of key staff and loss of key skills, knowledge and expertise	Local media coverage over several days; senior managers depart; noticeable loss of clients for many months	Total cessation of one service for a few months	Breach of regulation with investigation by authority and possible moderate fine, and litigation and legal costs up to $999k	Disruption that will require senior management time over several weeks	Moderate environmental damage; fines or litigation costing $300k – 999k, short term effect on community, facilities, or projects.
Tier 2	Minor	$10k - $299k	Significant medical treatment; lost injury time <2 weeks Some staff turnover with minor loss of skills, knowledge and expertise	Local media coverage, and complaint to management	Some service disruption in the area	Breach of regulations; major fine or legal costs; minor litigation	Will require some senior management time over many days	Minor environmental damage; fines or litigation costing $10k – 299k, minor impact on community, facilities, or projects.
Tier 1	Insignificant	<$10k	First aid or minor medical treatment No staff turnover	No media coverage; complaint to employee	Minimal disruption	Minor legal issues or breach of regulations	Will require some management attention over several days	Minimal environmental damage; with no impact on community, facilities, or projects.

The consequence levels and descriptions have been established based on the severity of the risk event:

Level 1	Insignificant
Level 2	Minor
Level 3	Moderate
Level 4	Major
Level 5	Extreme

The likelihood levels and descriptions have been established based on the likelihood of a risk event occurring:

	Likelihood	The event with its associated consequence
Tier 5	Almost certain	The event is expected to occur as there is a history of regular occurrence at the organisation and/or similar institutions, or new conditions make it very likely to occur.
Tier 4	Likely	There is a strong possibility the event will occur as there is a history of frequent occurrence at the organisation or similar institutions, or new conditions make it likely to occur.
Tier 3	Possible	The event might occur at some time as there is a history of casual occurrence at the organisation or similar institutions, or new conditions make it possible to occur.
Tier 2	Unlikely	The event is not expected and has not casually occurred before, but there is a small possibility it may occur at some time in certain circumstances.
Tier 1	Rare	The event is highly unlikely. It may occur in exceptional circumstances but has never occurred before. It could happen, but probably never will.

The Risk Levels have been established for each category, based on the likelihood versus consequence of the risk event occurring.

The risk accountabilities are as follows:

Low	Existing controls are to be maintained. Risk assessment is to be reviewed and approved by Director.
Medium	Plans are to be developed to reduce these risk areas to low within two years. Risk assessment and action plans are to be reviewed and approved by Director. Where no reasonable options can be identified, the risk may be accepted, provided it is approved by the Leadership Team and Audit and Risk Committee.
High	Plans to reduce the risk or are to be developed, in consultation with the applicable Director, within a month of identifying the risk. Permanent controls are to be implemented within six months to reduce the risk to medium or lower. Existing controls are to be monitored to confirm they are effective. High-rated risks and associated action plans are to be reviewed by the Leadership Team within one month of being identified and presented to the Audit and Risk Committee each quarter and reported on a monthly basis to the Council.
Extreme	Actions must be taken immediately, in consultation with the Director and/or CEO, to develop a plan to address the risk/opportunity before continuing. Where possible interim measures must be identified to manage the risk before a permanent control can be implemented. Permanent controls are to be implemented as soon as practicable to reduce the risk to high or lower. Existing controls are to be monitored to confirm they are effective.

The risk assessment matrix in Table 3 is to be utilised when assessing and applying a risk level to a strategic and operational risk.

As noted above, based on the category assigned to each strategic and operational risk, utilising the risk matrix in Table 3, which identifies the likelihood versus consequence if the event were to occur, identifies the appropriate risk level to be applied.

Table 3: Risk Assessment Matrix

		Consequence				
		1 Insignificant	**2 Minor**	**3 Moderate**	**4 Major**	**5 Extreme**
Likelihood	**5 Almost certain**	Medium	High	Extreme	Extreme	Extreme
	4 Likely	Medium	Medium	High	Extreme	Extreme
	3 Possible	Low	Low	Medium	High	Extreme
	2 Unlikely	Low	Low	Medium	Medium	High
	1 Rare	Low	Low	Low	Medium	High

10.4   Risk Management Framework

The aim of the risk management framework and guidelines is to:

a)   Establish Context

b)   Identification of Risks

c)   Analysis of Risks

d)   Evaluation and Prioritisation of Risks

e)   Treatment of Risks

f)   Monitoring and Reviewing of Risks

g)   Documentation and Procedures

h)   Communication and Training

i)   Roles and Responsibilities.

10.5   Financial Implications

Council's Risk Management requirements will be funded through the normal budget allocation process as approved.

Directorate / Departmental risk management strategies and action plans will be funded through departmental budget allocations depending on responsibilities and the implementation program.

The aim of the Risk Management Manual is to deliver Benefits to Yarriambiack Shire Council that will result in positive financial benefits through:

a)   Reduced Insurance Premiums

b)   Lower Levels of Litigation

c)   Improved Health, Safety and Wellbeing

d)   Enhanced Governance and Compliance

10.6   Statutory Implications

The Risk Management Manual should provide for the ongoing management of risk at the Corporate, Directorate, Department and Business Unit level.

This approach to the management of risk will assist Council's compliance with policy, legal and statutory obligations.

10.7   Social Consideration

Council has a responsibility to minimise losses to community assets, infrastructure and interests.

10.8   Environmental and Sustainability Considerations

The Risk Management Manual aims to minimise and mitigate any risks identified from environmental and sustainability matters that could impact Council.

10.9   Communication and Training

A communication and training program to embed risk management practices across the Council, including Councillors and all employees will be undertaken to ensure risks are addressed and reduced across all operations of Council.

Risk Management Policy

11 Value Add to Organisation

Effective risk management protects and creates value for the Yarriambiack Shire Council by enabling informed decision making, setting and achieving objectives and improving performance.

Management of Risk must be an integral part of Yarriambiack Shire Council's culture, reflected in policies, systems and processes. This includes strategic business planning, performance, management and overall governance to ensure sound financial management and effective service delivery.

12 Aims and Objectives

Yarriambiack Shire Council has a responsibility to effectively identify, assess and manage the risks and opportunities associated with its operations and facilities, as far as reasonably practicable. As per our current Council Plan, we seek to maintain an organisation wide Strategic and Operational Risk register.

Our objectives for managing risks and identified opportunities are to:

a)   Successfully meet Council goals and objectives as stated in the Yarriambiack Shire Council Plan 2021-2025.

b)   Deliver high quality services, which make efficient use of the limited resources available.

c)   Support our approach to meeting legislative and other regulatory requirements.

d)   Safeguard our assets, people, financial, property and information.

e)   Create an environment where all Councillors, Employees, Volunteers and Contractors will assume responsibility for managing risks associated with their areas of responsibility.

f)   Continuously improve our approach to issues and concerns, enhancing our performance and seeking to become a leading Local Council in Victoria in risk management.

13 Governance

The Yarriambiack Shire Council Risk Management Manual describes the minimum risk management requirements Council is required to meet to demonstrate how the Council is managing risk effectively, including shared significant risk.

Council adopts the ISO 31000:2018 Risk Management – Guidelines which provides an internationally accepted basis for best practice risk management.

The Victorian Government Risk Management Framework (VGRMF) is mandated by the Standing Direction of the Minister for Finance's (*Ministerial Standing Direction) 3.7.1 – Risk Management Framework and Processes* and provides high level information for State Government agencies.

Whilst Council is not legislated to utilise the VGRMF or adopt the requirements of the Standing Directions, Council does utilise the VGRMF as best practice guidance framework.

Council also utilises detailed guidance, information and risk management support from the Victorian Managed Insurance Authority (VMIA).

14 Policy Statement

The Councillors' and Management of Yarriambiack Shire Council are committed to the ongoing identification, assessment and management of risks and opportunities associated with the performance of Council functions, the delivery of Council services, as far as is reasonably practicable.

14.1 Risk Appetite

The Councillors, on recommendation from the Audit and Risk Committee and Leadership Team adopt the risk appetite of the Council. The risk appetite is Council's primary connection between the strategic objectives of Council and its risk tolerance levels. The risk appetite will set the boundaries to define how much risk Council is prepared to accept.

Refer to Appendix One – Council's Risk Appetite.

14.2 Risk Culture

Risk culture refers to the system of beliefs, values and behaviours throughout Yarriambiack Shire Council that shapes the collective approach to managing risk and making decisions. Council has adopted a positive risk culture, where staff at every level appropriately manage risk as an intrinsic part of their day-to-day work.

To encourage a positive risk culture, Council has implemented the following key principles of effective risk culture:

Tone from the Top

The Councillors, Audit and Risk Committee and Chief Executive Officer have set a tone from the top with a consistent set of values, standards, expected behaviours and practices to adhere too in relation to Risk Management.

Accountability

Council has established:

a)   A reporting framework to monitor and manage risk.

b)   Council also has a Human Resource Manual and Employee Code of Conduct that outlines expected employee behaviours and disciplinary actions.

c)   Position Descriptions include Risk Management responsibilities.

d)   Audit and Risk Committee established with a defined Charter.

Strategy

Council has included a Strategy as part of its Risk Management Manual that is reviewed annually. The strategy is to align with the Council Plan.

Communication

Council is committed to enabling conversations within Council that enables managers and team members to determine the probability of risk materialising and the possible impacts, Communication is recognised as an effective tool to help Council avoid problems that may arise.

Awareness and Recognition of Positive Risk Culture

Management is committed to recognising positive risk practices across the organisation and promoting the effect those practices have on good governance and reducing Council's risk profile.

Escalation of Risk

Band news, or high-risk activities are escalated to Directors and/or the CEO and assessed to mitigate risks as soon as identified.

Supporting Tools, Templates and Mechanisms

Risk Management is embedded into decision making practices. This is outlined in section 15.5.

Continuous Improvement

Council is committed to continuous improvement. Leaders understand and value risk culture as a driver of good risk outcomes and the Council along with the Chief Executive Officer is responsible for setting, owning, instilling and overseeing an appropriate risk culture.

The management process for a prioritised focus on risk culture includes:

a)   understanding the Council's current risk culture and defining the desired risk culture.

b)   Identifying any gaps between the Council's current risk culture and desired risk culture.

c)   Defining the Council's approach to evolve the risk culture to close gaps over time.

14.3   Risk Management Practices

Where possible, risk management practices are to be embedded in new and existing policies and procedures to control identified risks and challenges.

Council is to establish and maintain a Strategic Risk Register and an Operational Risk Register to identify, manage and control risks across the Council.

Each strategic risk and operational/function a risk consequence area is to be subject to a process of identification, assessment, control measure implementation and monitoring to reduce Council's risk profile.

All identified risks are to be reviewed quarterly, with control measures and control effectiveness updated as required.

The following Strategic Risks and Operational Risk Categories have been established in the RelianSys Software.

Strategic Risk Categories	Operational / Function Risks Categories
Innovation Risk	Asset Management
Corporate Governance, Compliance and Liability Risk	Business Continuity and Project Management
Security and Technology Risk	Procurement, Contract and Project Management
Talent Management Risk	Customer Service Management (including Vic Roads)
Reputational Risk	Operations
Political Risk	Emergency Management
Financial Risk	Finance and Rates Management
Environmental Sustainability Risk	Fleet and Plant Management
Program and Project Risk	Grant Management
Strategy Execution and Change Management Risk	Human Resource and Payroll Management
	Local Laws
	Early Years and MCH Management

Strategic Risk Categories	Operational / Function Risks Categories
	Occupational Health and Safety
	Records and Information Management
	Road Management
	Information, Communication and Technology
	Waste, Environment and Sustainability Management
	Environmental Health (including Sale Yards)
	Volunteer Management
	Libraries
	Community Development and Youth Management
	Sport and Recreation
	Development Services (Building and Planning)

14.4 Software

Council utilise RelianSys Software to record, monitor and report on all Strategic and Operational risks.
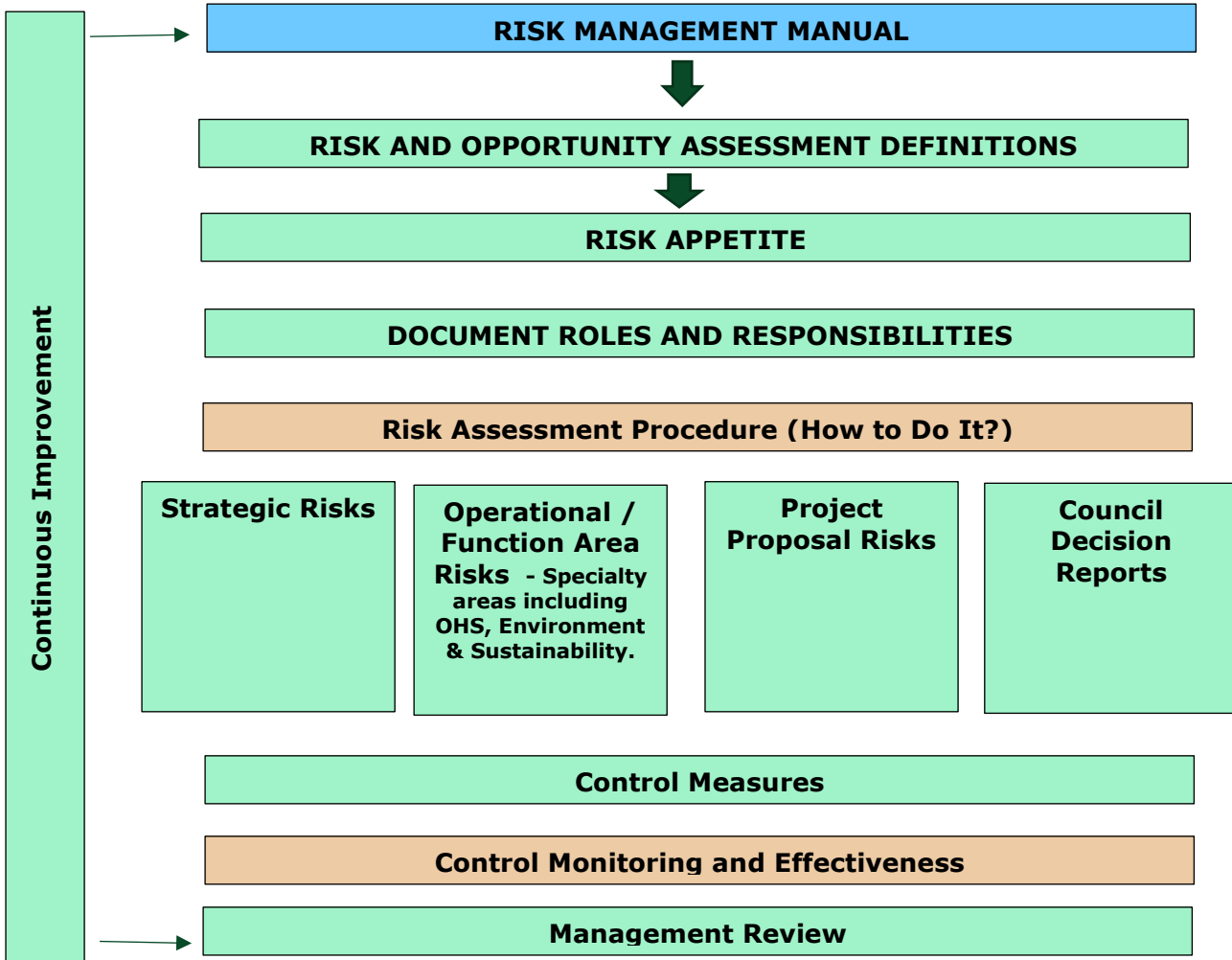
14.5 Embedding Risk Management Practices

Risk management practices are embedded into Council's day to day functions as follows:

a) Strategic planning

b) Development of Project Mandates (Business Cases)

c) Council Decision Reports

d) Council Events

e) Occupational Health and Safety Incident, Near Miss and Hazard Reporting.

f) Emergency Management Practices.

Framework and Guidelines

This section provides guidance and support to Good Risk Management Practices.

The following Risk Management Framework outlines how Risk is managed at Yarriambiack Shire Council:

Continuous Improvement	RISK MANAGEMENT MANUAL
	↓
	RISK AND OPPORTUNITY ASSESSMENT DEFINITIONS
	↓
	RISK APPETITE
	DOCUMENT ROLES AND RESPONSIBILITIES
	Risk Assessment Procedure (How to Do It?)
	Strategic Risks | Operational / Function Area Risks - Specialty areas including OHS, Environment & Sustainability. | Project Proposal Risks | Council Decision Reports
	Control Measures
	Control Monitoring and Effectiveness
	Management Review

15   Risk Evaluation

Risk Evaluation is completed to support decisions including whether to accept the risk (particularly if it falls within the Councils risk appetite) or whether to mitigate the risk through further treatment and prioritise those treatments.

Factors to use in evaluating a risk include:

a)   Comparing the level of the risk against the Council's view of the level of acceptable risk.

b)   Determining the level of the risk so low that treatment is not appropriate.

c)   Assessing if the opportunities outweigh the threats to such a degree that the risk is justified.

d)   Considering if the cost of further treatment is excessive compared to the benefit.

e)   Checking to ensure there is an available treatment.

The risk evaluation should be conducted by the risk owner (applicable Manager, Director or the CEO). The risk evaluation may lead to a decision that either:

a)   Accepts the risk;

    i.   further treatment may be applied but will be a lower priority; or

    ii.   if no further treatment, ongoing monitoring of the risk and controls is required to ensure the risk remains acceptable.

b)   Does not accept the risk;

    i.   further treatment will be required to bring the risk within the Council's risk appetite;

    ii.   the risk owner may be required to undertake further analysis to better understand the risk; or

    iii.   the Council may need to reconsider objectives.

16 Process for Managing Risk

The following diagram outlines the specific risk and opportunity assessment process to be applied, irrespective of what is being assessed:
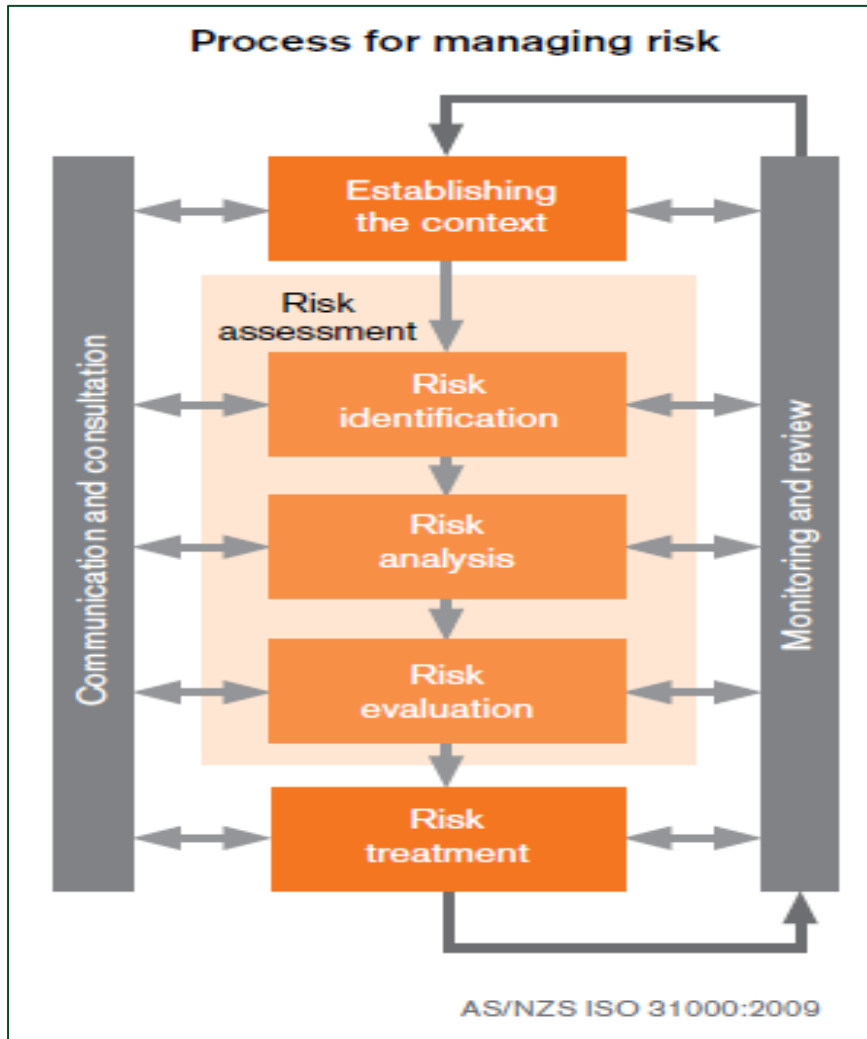
16.1 Establish the Context

Determine the 'scope' or 'boundary' or 'thing' you are assessing the risks for. For example, understand whether it is a once off project or an ongoing process.

Go through a process of understanding the drivers for your project, such as using the P-E-S-T-L-E framework:

- Political
- Economical
- Socio-cultural
- Technological
- Legal
- Environment

Understand what impacts on the area being assessed, including considering:

- The Council Plan's objectives.
- Legal and regulatory obligations.
- Voluntary commitments of Yarriambiack Shire Council.
- Other groups outside the 'boundary' being assessed.

16.2   Risk Identification

After understanding the boundary and drivers, identify as many risks and opportunities as you can.

Use the strategic risk categories to assist with the brain-storming. Council's internal and external audit program, along with reports from the Victorian Auditors Generals Office, Local Government Inspectorate, Independent Board-based Anti-corruption Commission and the Ombudsman can be useful tools to identify risks and opportunities for improvement across Council.

16.3   Risk Analysis

For each risk, consider the impact of the existing controls on managing the risk in relation to the area being assessed, and rate the current residual risk using the likelihood and consequence definitions.

Most importantly, consult widely when analysing risks. Consider internal and external stakeholder views. Conduct risk workshops where participants vote on risks to gauge different viewpoints on risk/opportunity importance.

16.4   Risk Evaluation

After rating all the risks, rank them in order and consider the overall impact on the area being assessed. These results are documented in either the Strategic or Operational Risk register.

It may help to plot the risks on a risk matrix to get a visual idea of how many extreme, high, medium and low risks there are overall.

Identify those risks and opportunities which need additional controls in line with Yarriambiack Shire Council's risk appetite.

16.5   Risk Control Measures

Based on the results of the evaluation, develop additional controls and document them in RelianSys Software, together with timeframes for implementation.

For Strategic Risks, the Chief Operating Officer is responsible for overseeing the control measure implementation.
For Operational Risks, Managers are assigned the responsibility for implementing control measures.

Risk control measures established in RelianSys software are as follows:

Control Measure	Description
Elimination	Eliminate risk or hazard
Substitution	Reducing the risk by substituting it with lesser risk
Engineering	Reducing risk through engineering changes and/or systems of work
Administrative	Administrative actions implemented to minimise exposure to hazards

16.6   Monitoring and Review

The control measures are to be reviewed each quarter and the responsible officer assigned to the risk is allocated the task of recording the control measure effectiveness in RelianSys Software.

The CEO, Directors, Managers and the Audit and Risk Committee all have access to RelianSys Software – Risk Module. The level of access provided is to ensure Accountable Officers and the Audit and Risk Committee can monitor and/or manage risk controls.

16.6.1   Control Effectiveness Testing

Control effectiveness testing involves the regular review of Council's controls to ensure they are designed and operating effectively to minimise the risks they are intended to mitigate.

Controls testing and validation is important in ensuring Council is reviewing its risks and developing effective methods to minimise these where possible. The establishment of an effective controls framework includes:

a)   Defining a controls library. A controls library contains common controls testing examples, including what is considered to be a key control. A key control can provide reasonable assurance that material errors may be detected and prevented in a timely manner. This could include policies and procedures, embedded authorisations and approval process, training and clear descriptions or segregation of duties.

b)   Identifying control ownership. Control owners should be identified and designate roles and responsibilities defined. It may also be beneficial to focus on accountability and consequences of a failure to control and mitigate the risk as part of the risk owner's performance reviews.

c)   Control testing and validation. Controls should be regularly reviewed to ensure they are designed and operating effectively to minimise the risks they are intended to mitigate. Control testing and validation could include:

- Control self-assessments by control owners.
- Consideration of breaches, internal audit findings and / or any process issues identified during the year as part of the annual review of the risk profile.
- Regular review and testing of key controls by either re-performing the control, observing / inspecting that the control is working.

17 Risk Maturity

Risk maturity describes risk capability and the level of sophistication a Council operates at in terms of its risk processes and procedures. Risk maturity is not a static concept and should be tailored to reflect how risk can best support delivery of the Council's strategic objectives. As Yarriambiack Shire Council's environments change, risk management evolves to ensure that it continues to support Council achieving its objectives. Council should always consider developing and implementing strategies to improve its risk maturity (or maintain it at the desired level) to ensure it supports effective risk management.

18 Risk Management – Position Descriptions and Charters

As individuals, we all play a part in managing risk at Yarriambiack Shire Council in relation to our organisation, our people and the environment. Specifically, the following roles and responsibilities are assigned for managing risks and opportunities:

Audit and Risk Committee

- Review the Risk Management Policy, and Yarriambiack Shire Council's risk appetite, risk management system and risk profile on an annual basis, and suggest amendments as required.

Councillors

- Provide adequate people and budget resource provision for risk management.

- Based on recommendations from the Audit and Risk Committee, review and approve the Risk Management Manual on an annual basis, and suggest amendments as required.

Chief Executive Officer

- Maintain overall responsibility for the effective identification and management of all types of risk across Yarriambiack Shire Council's operations.

Managers

- Overall accountability for the ongoing implementation and continuous improvement of risk management within their division. This includes the ongoing maintenance of operational risk registers and action plans for all functions in their division.

- As part of the Extended Leadership Team, review and approve the Risk Management Manual, and Yarriambiack Shire Council's risk appetite, risk management system and risk profile on an annual basis.

- Yarriambiack Shire Council's Risk Management Manual, program and the application of sound risk management practices within the workplace and community are observed and complied with at all times.

Chief Operating Officer (Risk Manager)

- Facilitate the identification and management of strategic and operational risks across the organisation, including special committees of Yarriambiack Shire Council.

- Advise management and staff of compliance risks in terms of relevant legislation and standards and the action necessary to manage these risks.

- Ensure that Yarriambiack Shire Council's assets and operations, together with liability risks to the public are adequately protected through appropriate risk management and loss control programs and measures.

- Build a risk awareness culture across the Yarriambiack Shire Council that ensures risks are actively identified and treated and opportunities maximised.

- Ensure Yarriambiack Shire Council's Risk Management Manual, program and the application of sound risk management practices within the workplace and community are observed and complied with at all times.

People and Safety Officer

- Ensure that Yarriambiack Shire Council's assets and operations, together with liability risks to the public are adequately protected through appropriate risk management and loss control programs and measures.

- Build a risk aware culture across the Yarriambiack Shire Council that ensures risks are actively identified and treated and opportunities maximised.

- Ensure Yarriambiack Shire Council's Risk Management Manual, program and the application of sound risk management practices within the workplace and community are observed and complied with at all times.

Supervisors, Coordinators and Team Leaders

- Ensure Yarriambiack Shire Council's Risk Management Manual, program and the application of sound risk management practices within the workplace and community are observed and complied with at all times.

- Support their Director and/or Manager to identify, assess and manage risks and opportunities in their functional area, including the development and implementation of approved work practices.

- Ensure the provision of a safe and healthy work environment and the implementation of appropriate safe work practices and control measures.

- Communicating risk management policy and procedures to employees, volunteers and contractors.

- Consulting with employees, volunteers and contractors to identify, assess and manage risks and opportunities associated with their work.

Employees

- Ensure Yarriambiack Shire Council's Risk Management Manual, program and the application of sound risk management practices within the workplace and community are observed and complied with at all times.

- Perform duties in a manner that considers significant risks and opportunities, adhering to approved work practices at all times.

- Identifying new or emerging threats or opportunities in their actions every day, and communicating with their supervisors and managers to adequately manage the associated risks.

- Provide risk management related information as requested.

- Consulting with managers and supervisors if there is any uncertainty in relation to risks and opportunities in their work.

Contractors and Volunteers

- Perform duties in a manner that considers significant risks and opportunities, adhering to approved work practices at all times.

- Consulting supervisors and contacts if there is any uncertainty in relation to risks and opportunities in their work.

- Provide risk management related information as requested.

19 Insurance as a Risk Management Tool

Council should make best use of their available resources and assets to manage risk and minimise loss. Insurance may be used to transfer or manage the risk of financial loss. The use of insurance needs to be considered in the context of:

a)   The nature of the risk

b)   The availability of alternative risk management and risk mitigation strategies.

c)   The financial consequences of choosing not to insure; and

d)   the level of loss the Council can bear.

The level of insurance required should be based on:

a)   The Council's risk profile and risk appetite.

b) Past claims experience.

c) The availability and cost of insurance.

Insured risk needs preventative and mitigating treatments where appropriate to reduce the probability of occurrence or severity of the outcome of an adverse event, and to provide a cost benefit analysis of potential actions.

If the risk is not insurable, the Council's risk management process should set out an alternative response to address the risk.

Council is to keep a register of all insurance policies and a report is to be provided to the Audit and Risk Committee on an annual basis, in accordance with the annual workplan.

20 AS ISO 31000:2018 Risk Management – Guidelines

Each Council is unique and the approach to managing risk needs to be appropriate and tailored to the activity, size, complexity and risk profile of the Council. A Council's approach to risk management must be consistent with the AS *ISO 31000:2018 Risk Management – Guidelines*.

21 Risk Evidence Checklist

Council should undertake a Risk Evidence Checklist annually and submit to the Audit and Risk Committee for review on an annual basis.

Refer to Appendix Two – Risk Evidence Checklist

22 Risk Management Assurance Map

Council is to complete a Risk Management assurance map for Council's Strategic Risks and report to the Audit and Risk Committee and Council on an annual basis.

Refer to Appendix Three – Assurance Map

23 Emergency Management

Emergency management contributes to community safety through the reduction of the impact of emergency related events that can cause death, injury, loss of property and community disruption. The planning for, and the management of, emergencies is a shared responsibility with communities, government, agencies and business.

The potential consequences of emergencies can be sudden, visible and highly damaging. Victoria has in place a governance structure that assists in managing emergency risks through a shared vision of *safer and more resilient communities*.

Victoria operates a multi-agency framework for emergency management that enables capacity to adapt to new or changed circumstances, within a broader emergency management system.

APPENDIX ONE – RISK APPETITE STATEMENT

Overall Risk Appetite	We want everyone to take responsibility for the management of risk in our organisation. Specifically, we are willing to engage with higher levels of risk where the outcomes would benefit our employees, contractors and community. Conversely, we have little to no appetite for engaging with risk that could harm our employees, contractors and community.
Definitions	*Cautious Appetite: Seek safe delivery options. Remain with existing situation. Appetite for risk taking is limited, this can be due to stringent legislative constraints and/or significant consequences.* *Accepting Appetite: Prepared to invest money, time and/or resources for an overall benefit to community or stakeholders. Acknowledge that potential loss from a risk is not great enough to warrant spending money to avoid it.* *Controlled Appetite: Is a tightly controlled environment with stringent process and procedures to follow with a strong accountability framework to measure and monitor compliance.*

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	**Tolerable**	**Unacceptable**
Financial	A **cautious appetite** for financial volatility and desire to carefully control costs. We will monitor this by: • We operate within the approved organisational budget expenditure limit of ≤10.0% (Operational, Capital and Labour).	Annual Councillor approved budget	1.0% – 5.0%	5.0 – 10.0%	>10.0%
	• Decrease in rates debtors from prior financial year by 10.0%		= or >10.0%	9.9% - 8.0%	<8.0%
	• Effective capital works planning, with Council having a <15% Capital Works underspend at the end of the Financial Year in the Capital Works program		= or < 15%	16 – 30%	>31%
	• Suppliers paid in 30 days or less		30 days or less	30 – 35 days	>35 days

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	**Tolerable**	**Unacceptable**
	• Completing the Local Government Performance Reporting bi-annually and the ratio's quarterly to Councillors and A&R Committee.		Quarterly		Less than Quarterly
	• Completing the Financial Reporting to VAGO and Local Government Victoria within required timeframes	Sector VAGO Audits Local Government Report	Days Late =0	No tolerance	No tolerance
Talent Management	An **accepting appetite** for applying new approaches to ensure we remain an employer of choice in our region, while maintaining safety and service levels. We will do this by: • maintaining an annualised staff turnover rate of 18% or less over a rolling 12-month period.	Sector Average staff turnover based on 22/23 VAGO LG Audit Results	≤18%	19% – 21%	≥21%
	• ensuring our rate of staff absenteeism remains at ≤5% in each month.		<5.0%	5.0% – 7.0%	> 8.0%
	• less than five accepted workers' compensation claims annually.	2019 sector benchmark	<5	5 –7	>7
	• Maintain the number of staff with excess of 8 weeks leave at <10%.	Key Pay Reports	<10.0%	10.0% - 15.0%	>15.0%
Reputational	A **cautious appetite** to lose a valued position of trust with our community. We will maintain a level of community engagement of at least 60%.	Councillor - approved minimum level	≥60%	55% – 60%	≤55%
	We will address all complaints within their required timeframes in accordance with Council's Complaints Handling Policy		Complaints open <28 days	28 days	>29 days
Innovation	An **accepting appetite** to innovate through projects and R&D to benefit our community.	Annual Councillor	≥10%	10% – 20%	>20.0%

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	**Tolerable**	**Unacceptable**
	We accept that 10% of project effort may not result in immediate or direct community benefits as long as lessons are learned for future services and products.	approved budget			
Corporate Governance, Compliance and Liability	A very **controlled appetite** for information security breaches, frauds or proven ethical complaints. We maintain a zero tolerance for such events. We will monitor this level by: • Reporting on Number of Policies overdue, with a zero tolerance to overdue legislative policies, and 60 days for administrative policies.	Government Information Security Policy Standard, Compliance Standard	Legislative Policies & Plans 0 instances Administrative Policies & Plans Completed and adopted within >60 days	Administrative Policies & Plans Completed and adopted within 60 – 70 days	Legislative Policies & Plans 0 instances Administrative Policies & Plans Completed and adopted > 70 days
	• Number of extreme consequence level audit actions not rectified within one month.	Internal and External Audits	Completed and adopted within >30 days	Completed and adopted within 30 – 60 days	Completed and adopted > 60 days
	• Engaging an Internal Auditor and establishing a functioning Audit and Risk Committee that meets at minimum quarterly.	Auditor engagement and A&R Committee meetings	Engage auditor for maximum 5 years – with current program in place A&R Committee meets five times per year as minimum	Engage auditor for maximum 5 years – with current program in place A&R Committee meets four times per year as minimum	No active contract in place. A&R Committee meets three times or less per year.
	• Maintaining an Audit and Risk Committee Workplan.	A&R Committee Charter	Reviewed annually	Reviewed annually	Not reviewed annually

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Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	**Tolerable**	**Unacceptable**
	• Reporting quarterly to Council and the Audit and Risk Committee on the Performance Management Framework Indicators, that are based on Council's Risk Appetite.	Financial and Non-Financial Performance Report	Quarterly report	Quarterly reporting	Quarterly reporting missed and/or delayed without prior consent of A&R Committee
	• Monitoring the number of Public Liability Claims, Significant legislative breaches and reporting to Council and A&R Committee quarterly.		0	0	>0
	• 100% of Staff to be up to date and completed Governance and Compliance Training and Induction Program.		100% complete	98% and above complete.	<98% complete.
Programs and Projects	An **accepting appetite** to apply for funding opportunities and/or utilise Council funds to delivery programs and project that meet Council Plan objectives and community expectations. We accept that to secure funding and to deliver additional projects and programs (in addition to current offered programs) our full-time equivalent employees may increase up to 1 FTE per $5 million additional funds received.	Council Plan objectives. Priority Project List.	1 FTE increase	1.5 FTE increase	2 FTE increase
	We will aim to apply for and be successful in securing funding opportunities in excess of $1.5 million per year, in addition to already secured operational funding.		= or >$1million	Between $999k - $900k	<$900k
	We will ensure all contracts are current and no contracts are past due date.	Contracts Register	0 due	1 due	>1 due
Strategy Execution and Change Management	An **accepting appetite** to be agile on the delivery of the Council Plan objectives to meet the changing internal and external environment. We accept that our Council Plan actions will be an evolving action plan being reviewed annually.	Council Plan			

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	**Tolerable**	**Unacceptable**
	We will monitor our Strategy Execution and Change Management by: • Monitoring the number of overdue Strategies and Plans		0 instance	1 instance	2 instances
	• Delivery on each Year of Action Plan annually		1 x action not delivered	2 x actions not delivered	3 x actions not delivered
Security and Technology	A very **controlled appetite** for security breaches and technology failures, due to our ICT environment not being maintained. We maintain a zero tolerance for such events. We will monitor this by: • Aiming to have 80% of help desk tickets resolved.	Contractor Compliance Reports	0 instances >80%	 80.0% - 75.0%	0 instances <75.0%
	• Ensuring all back-ups of all systems are completed and successful each day.		1 daily back-up	1 daily back-up	0 daily back-up achieved
	• Ensuring intrusion detection that monitors network traffic, searches for threats and suspicious or malicious activities.		Daily testing	Daily testing	O daily testing achieved
	• Internal testing of staff knowledge and awareness of malicious activities.		Weekly testing	Weekly testing	0 weekly testing achieved
	• Reporting annually on ICT Strategy completion	ICT Business Transformation Strategy	1 x action not delivered	2 x actions not delivered	>2 x actions not delivered
Environment and Sustainability	A **controlled appetite** for environment and sustainability breaches.				

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	Tolerable	Unacceptable
	We will maintain a zero tolerance for such events. We will monitor this level by: • Adequate annual EPA approvals in place for saleyard and landfills.		0 instances		0 instances
Political	A **cautious appetite** to jeopardise a well-developed political relationship across all levels of government. We will maintain a level of respect and advocacy at a Councillor Senior Management Level to achieve positive outcomes for our community. We will monitor this by: • Recording the number of advocacy events attended by Councillors and Senior Management, with the aim to attend at minimum 10 per year.	Advocacy events and meetings	> 10 events per year	8 events per year	< 8 events per year

APPENDIX TWO – RISK EVIDENCE CHECKLIST

Requirement	Yes/No/Partial (P)
Governance	
The agency has a risk management framework in place consistent with AS/NZS ISO 31000:2018 Risk Management Principles and Guidelines.	
The risk management manual (including Strategy, Policy and Framework) is reviewed annually to ensure it remains current and is enhanced, as required.	
The risk management manual supports the development of a positive risk culture within the Council.	
The Council's risk profile has been reviewed within the last 12 months.	
Risk management is incorporated into the Council's corporate and business planning processes.	
Process	
The risk management processes are effective in managing risk to a satisfactory level.	
It is clear who is responsible for managing each risk.	
Inter-Council and agency risks are addressed and the Council contributes to the management of shared risks, as appropriate.	
Resources	
Adequate resources are assigned to risk management.	

Requirement	Yes/No/Partial (P)
Insurance	
Arrange all insurances with approved insurance provider.	
As part of the annual insurance process, determine the appropriate level of insurance in consultation with approved insurance broker.	
As part of the annual insurance process, maintain a register of all insurance and indemnities and make this available to Senior Management and Councillors on request.	

Issue of partial or non-compliance (material gap)	Remedial action
Outline the deficiency that has been identified through the assessment process and its significance (e.g. scale, potential impact).	Outline the steps that will be taken to improve compliance, including the timeframe for implementation.