

# **Risk Management Policy**

#### Policy Number: SVC-RM-PO-003-04

#### **Policy Statement**

Effective risk management aims to mitigate any uncertainty surrounding Snowy Valleys Council (Council) being able to achieve its strategic goals and operational objectives. By adopting a risk management framework Council will be able to protect its employees, its assets, maximise its opportunities and minimise negative outcomes or losses.

#### Risk Appetite Statement

Snowy Valleys Council operates with an overall conservative appetite for risk. Specific tolerance for different categories of risk are clearly outlined in the Risk Management Framework.

#### Legislation

Council is guided by the Local Government Act 1993 and the Civil Liability Act 2002.

#### Definitions

Term	Description		
Executive Leadership	The ELT is the committee formed of senior executives that are		
Team (ELT)	collectively responsible for risk management as Risk Owners in the		
	each area of Council operations.		
Inter-agency risks	These are the risks which apply to Snowy Valley Council and can		
	affect another agency. Alternatively, these may be risks belonging		
	to another agency that impact on Snowy Valley Council.		
Risk Is defined as the effect of uncertainty on objectives. It is n			
	in terms of consequences and likelihood. Can be positive or		
	negative in terms of effect.		
Risk Management	The coordinated activities to direct and control Council activities		
_	and decisions with regard to risk		
Risk Management			
Framework	determining the management and monitoring of risk within a given		
	period.		

#### Scope

This policy applies to all areas of Council's operations and work participants at all levels of the organisation. This policy applies to all Council activities, including but not limited to:

- Work Health & Safety employees and others;
- General liability issues Public Risk, Councillors & Officers Liability and Professional Liability;
- Asset and Property issues Council owned and/or responsible including Information Technology;
- Environmental issues;
- Business Interruption, Disaster and Emergency Planning;
- Contractual, Economic and Financial issues

#### **Risk Management Process**

The key elements of a risk management process are as follows:

• **Risk identification** determines what, where, when, why and how risks could arise, and the effect this would have on the organisation's ability to achieve its objectives

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- Risk analysis determines the risk level by understanding how a risk can occur, the sources or causes of a risk, the significance of consequences and likelihood of those consequences.
- **Risk treatment** is activity planned to reinforce / improve existing controls or provide new / additional controls. It involves assessing and selecting one or more options for modifying risks by changing the consequences or likelihood and implementing selected options through a treatment plan.
- **Risk control** is the measures in place and maintained to modify the risk and reduce the undesired consequence.
- **Communication and consultation** takes place throughout the risk management process through risk owners and identified stakeholders to ensure those accountable for implementing the risk management process and stakeholders understand the basis on which decisions are made.
- **Monitoring and review** is facilitated by the Governance and Risk team and confirms that the risks and the effectiveness of associated controls and risk treatments are monitored, reviewed and reported with risk owners to ensure that changing context and priorities are managed and emerging risks identified.

#### **Policy Objectives and Priorities**

The Risk Management Framework consists of this Risk Management Policy, supported by documented plans and procedures for the effective implementation, training, operation and monitoring of the Risk Management framework within Council.

Snow Valley Council will ensure:

- effective integration of risk management into management planning and operational business activities to ensure the achievement of its strategic objectives
- the Elected Members of Council and ELT are in position to confidently make informed strategic, project and operational decisions based on a consistent and systematic approach to enterprise risk management principles
- activities are undertaken within approved risk tolerance levels set by the Council
- all reasonably foreseeable risks are systematically identified, assessed, analysed, prioritised and considered for appropriate treatment with all information documented in Snowy Valleys Council's risk registers
- the correct assigning of ownership of risks through delegation of risk management responsibilities to management across all functional areas of Snowy Valleys Council
- all relevant legislation is complied with, and certified management standards are used to continually improve risk management practices.
- an assurance map exists which ensures that risk controls are systematically applied and maintained.
- the risk management framework and risk registers are reviewed regularly to ensure it remains current and is enhanced, as required
- inter-agency risks are addressed and shared across government departments, as appropriate.

#### Support available to assist those responsible for risk

Council shall employ a dedicated Risk Management Officer and appoint a Safety, Risk and Quality Committee to assist with the coordination and implementation of this policy.

The Safety, Risk and Quality Committee terms of reference will be consistent with, and compliment, this policy.

#### Responsibilities

Role	Responsibility		
Elected	Council will support the adoption of a risk management framework by the		
members of	consideration and allocation of appropriate resources for the implementation		
Council	and maintenance of the framework.		
Chief	The CEO role is responsible for the establishment of the risk management		
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Risk Management Poli	cy	Reviewed:	

Executive Officer (CEO)	system throughout the organisation and has the ultimate responsibility for the implementation of the Risk Management Policy and Framework.
(,	<ul> <li>Assign appropriate responsibilities and accountabilities to the Directors.</li> </ul>
	<ul> <li>Establish performance measure and monitor the organisations objectives.</li> </ul>
	<ul> <li>Provide adequate resources for risk management activities</li> </ul>
Executive	Departmental Directors are responsible for the effective implementation of
Leadership	the Risk Management Framework within their respective departments.
Team (ELT)	<ul> <li>Assign appropriate responsibilities and accountabilities to individual positions within their directorate and monitor individual performance against objectives.</li> </ul>
	<ul> <li>Create an environment where managing risk is an accepted day to day task.</li> </ul>
	<ul> <li>Drives culture of risk management within the organisation</li> <li>Ensure staff in their business units comply with the risk management policy and endorse a culture where risks can be identified and escalated</li> </ul>
Safety, Risk & Quality (SRQ)	The SRQ Committee are a sub-committee of the ELT and are responsible for effective oversight of the Risk Management Framework.
Committee	<ul> <li>Implement the Council's Risk Management Policy and associated documents.</li> </ul>
	<ul> <li>Develop and implement the Risk Management Framework and make</li> </ul>
	recommendations for continuous improvement of the framework.
	<ul> <li>Ensure the Risk Management Framework's objectives align with organisational objectives and values</li> </ul>
	<ul> <li>Make recommendations to Council, and provide advice and</li> </ul>
	assistance to all departments and the Executive on issues related to
	risk management implementation, compliance and performance
	<ul> <li>Make requests to Council for recurrent and discretionary allocation or</li> </ul>
	funding to carry out the Risk Management Framework.
	<ul> <li>Report minutes to Audit, Risk and Improvement Committee</li> </ul>
Risk	Is responsible for maintenance and upkeep of this policy and associated
Management	documentation. The Risk Management Officer is responsible for
	coordinating the activities of the Safety, Risk and Quality Management
Officer	
	Committee on behalf of the SRQ Committee Chairperson.
Audit, Risk and	Is responsible for providing independent assurance and assistance to the
Audit, Risk and Improvement	Is responsible for providing independent assurance and assistance to the Snowy Valleys Council on risk management, control, governance and
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Contact Officer: Risk Management Office	Contact Officer:	Risk Management Officer
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#### **Associated Documents**

External	-	AS/NZS ISO 31000:2018 Risk Management Guidelines
		Statewide Mutual Best Practice guides

Internal - Audit Matrix – Audit Risk & Improvement Committee Action Plan – Safety Risk & Quality Committee

#### Superseding Policy No. and Title:

Snowy Valleys Council Risk Management Policy Snowy Valleys Council Risk Appetite Statement

Policy prepared by: Risk Management Officer

#### History table:

Version	Development	Approval	Resolution	Activity log
Control	/Amendment	Date	Number	
No	Date			
0	12.9.2016			Prepared by Risk Management
				Officer (Tumut) and Corporate
				Support Officer (Tumbarumba)
0	29.11.2016			Amended by RM committee
				Snowy Valleys Council
0		28.02.201		Presented to Policy Review
		7		Committee
1		23.03.201	M29/17	Adopted by Ordinary Council
		7		Meeting
2	25.1.2018			Amended by committees
				recommendation 31.10.2017
3		7.2.2018	ARI.03	Adopted by Audit Risk and
				Improvement committee
4	05.05.2020			Endorsed by ARIC
5				

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Adopted: 23/03/2017 Reviewed:



# Safety, Risk and Quality Committee

### **Terms of Reference**

#### ToR No: SVC-ToR-005-03

#### 1. NAME

The name of the Committee is the Safety, Risk and Quality Committee.

The Safety, Risk and Quality Committee is a sub-committee of the Executive Leadership Team of Snowy Valleys Council.

#### 2. STATUS

Being a sub-committee of the Executive Leadership Team, the Safety, Risk and Quality Committee have authority to direct staff and enjoys the delegation of any powers, functions or duties of the Executive Leadership Team within the scope of Safety, Risk and Quality matters.

The CEO authorises the Committee, within the scope of its role and responsibilities, to:

- Obtain any information it needs from any employee or external party (subject to their legal obligations to protect information).
- Discuss any matters with the internal auditor or other internal parties (subject to confidentiality considerations).
- Request the attendance of any employee at Committee meetings.
- Request authorisation for external legal or other professional advice considered necessary to meet its responsibilities.
- Maintain the integrity and security of confidential documents or information in your possession, or for which you are responsible.
- Manage and supervise the performance of the management agreed actions within the Audit Matrix.

#### 3. DELEGATION

All decisions of the Committee will, therefore, constitute decisions of the Executive.

#### 2. PURPOSE

The purpose of the committee is to oversee implementation of the Enterprise Risk Management Framework, including Work Health and Safety Strategies, and the completion of the Audit Matrix actions. The committee has corporate governance and management responsibility in relation to:

- The adequacy and reliability of risk identification, mitigation and reporting;
- Ensuring that an up to date risk register is kept;
- Endorsing that a Risk Management Framework is prepared;
- Review and advise on Safety, Risk and Quality operational policies, strategies, training systems and processes implemented and reported on, by Snowy Valleys Council;

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- Ensuring that the objectives, measures and targets of the Snowy Valleys Council policy are appropriate, adhered to and reported on;
- Making recommendations to Audit, Risk and Improvement Committee;
- Providing advice and assistance to all departments and the Executive on issues related to risk management implementation, WHS and Injury Management, compliance and performance;
- The Committee, where appropriate, refers to the Audit and Risk Management Committee, key issues within its Terms of Reference;
- Working together with the Regional Risk Management Group and Statewide Mutual to minimise risk exposure for the Snowy Valleys Council.

#### 3. OBJECTIVES OF THE COMMITTEE

The Committee, is a committee of Council responsive to Snowy Valleys Council needs. The effectiveness of the committee depends on management support.

#### 4. DECISION MAKING

It is intended that the Committee will make decisions based on consensus. If it is not possible to arrive at a consensus on a particular item the recommendation to Audit, Risk & Improvement Committee and Council should note the dissenting views.

#### 5. MANAGEMENT AND OPERATION OF THE COMMITTEE

#### a) STRUCTURE / MEMBERSHIP

- The Committee shall be comprised of the following voting membersCEO
- Executive Director of Community and Corporate (Chair/Sponsor)
- Executive Chief of Staff
- Executive Director Infrastructure
- Chief Financial Officer
- Coordinator of Risk and Governance
- Risk Management Officer
- Safety and Systems Officer
- WHS Strategy & Injury management Officer
- Program Manager

The following shall be non-voting members:

- Manager People and Culture
- Manager IT and Customer Service
- Senior Manager Works

#### b) CHAIRPERSON

The Chairperson shall be elected by the committee by a simple majority vote taken from members present at the first meeting of each financial year and shall serve a term of one year.

In the absence of the Chairperson, the Committee shall elect a Deputy Chairperson for that meeting.

#### c) Duties of Office Bearers:

#### Chairperson:

- Convene meeting
- Chair meeting
- Ensure quorum
- Confirm minutes
- Notify vacancies
- Ensure active participation and lead meeting
- Allow all members to put their point of view

#### Secretary:

- Record and prepare minutes
- Distribute minutes after Chairperson's verification
- Prepare and distribute agenda (in consultation with the Chairperson)
- Prepare the meeting room
- All other administrative duties
- To assist in publicising the work of the committee

#### d) SECRETARIAT

A staff member from Snowy Valleys Council Governance team shall perform the Secretariat duties for the Committee.

#### e) PECUNIARY INTERESTS AND CONFLICTS OF INTEREST

Members of the Committee must, having reviewed the agenda for a meeting, or when becoming aware of a potential conflict of interest or pecuniary interest in any matters being discussed by the Committee, immediately advise the Chairperson.

The Committee member must refrain from participating in the discussion and if deemed appropriate by the voting members present, leave the meeting whilst the matter is discussed and not participate in any decision making related to the issue. The interest will be recorded in the minutes.

#### f) QUORUM

A quorum of the Committee will be:

- At least two members of the Executive Leadership Team (including the Chairperson), and
- Half of the appointed voting members present plus one (a simple majority).

If a quorum is not reached within 10 minutes of the appointed starting time, the meeting shall:

- a) be adjourned to a time determined by the Chairperson in consultation with the staff member performing Secretariat duties to ensure that the adjourned time does not clash with other scheduled meetings or;
- b) continue as an Inquorate discussion (refer 5g).

#### g) INQUORATE MEETINGS

In the event that a meeting does not have the required quorum, those members present can determine whether they would like to continue with the meeting as an Inquorate Discussion.

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In this case, decisions cannot be made, but can be carried forward to subsequent meetings where a quorum is present.

Minutes of an inquorate discussion must take the form of Inquorate Discussion Notes. The members present at an inquorate discussion cannot put or carry any motion or resolution.

#### h) DECISIONS AND VOTING

The Committee's business is conducted on a consensus model or simple majority vote by those appointed members present.

Major decisions and recommendations will be referred to the Executive Leadership Team, Audit, Risk & Improvement Committee and/or Council for adoption prior to implementation by the Committee. Major decisions will generally be those that may impact Council or operations outside of Safety, Risk or Quality environments.

#### i) ATTENDANCE OF NON MEMBERS

The Committee may, at its discretion, allow non-members, observers and advisers to attend meetings of the committee to facilitate exchange of information and to provide specialist advice and counsel to the Committee.

#### j) WORKING GROUPS

The Committee is able to form a Working Group as required to address specific issues or undertake specific activities. The Working Group must report to each Committee meeting.

Non-members may be co-opted to a working group. A member of the Committee shall act in the capacity of Chairperson of the working group.

The Committee shall determine a statement of the purpose/objectives, responsibilities and tasks to be achieved by the Working Group at the time that it is formed.

#### 6. COMMITTEE OPERATION AND MEETINGS

#### a) **MEETINGS**

Meetings will be held, at least, quarterly. Standard meetings will be held at 2pm on the nominated Wednesday but may be rescheduled to align with Executive Leadership Team, Audit Risk and Improvement Committee or Council meetings where required.

#### b) SPECIAL MEETINGS

Special meetings may be called by the Chairperson, or at least two voting members of the Committee in consultation with the Secretariat to avoid potential clashes.

#### c) NOTICE OF MEETINGS

The Notice of Meeting will be provided to each Committee member in writing, setting out the date, time and place of the meeting; and be accompanied by a business paper which includes an agenda for the meeting, minutes of the previous meeting and any reports to the Committee.

The agenda for ordinary meetings of the committee will be provided to members of the Committee at least three working days prior to the meetings.

A minimum of twenty four hours' notice shall be given for any Special meetings of the Committee.

#### d) MINUTES

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Minutes shall be kept of all meetings of the Committee and any working group. Each Committee member will receive copies of the minutes with the notice of meeting for the next meeting.

Other arrangements to receive minutes from the meetings can be made by resolution of the voting members of the Committee.

The minutes shall be confirmed at the next committee meeting with or without amendments.

Copies of the minutes will be supplied to the Executive Leadership Team. A quarterly update will be provided to the Audit, Risk and Improvement Committee at their next meeting.

#### e) MEETING PROCEDURES AND PROTOCOL

The procedures and protocols to be observed at the Committee meetings are those of the <u>Snowy Valleys Council</u> <u>Code of Meeting Practice</u> which was established in accordance with the provisions of Section 360(2) *Local Government Act of 1993*.

#### 7. SUPPORT AND RESOURCING THE COMMITTEE

Council will provide administrative services and other resources, including a venue, preparation and distribution of agendas/minutes) to support the function of the Committee and any working groups.

#### 8. MEDIA COMMENT AND CONFIDENTIALITY

The Committee has no delegated authority to make comments to the media on behalf of the Committee without the express permission of the CEO by delegation.

The Committee does not have the authority to make comments on behalf of Snowy Valleys Council.

Members of the Committee should appreciate that the Committee may, from time to time, deal with sensitive matters of a confidential nature. The confidentiality of such information should be respected by all members.

#### 9. DOCUMENTATION / COUNCIL AND EXTERNAL REFERENCES

<u>Snowy Valleys Council Code of Meeting Practice</u> was established in accordance with the provisions of Section 360(2) Local Government Act of 1993. The objective of the Code is to provide procedures and standards for the proper, conduct of Council business and decision making.

<u>Snowy Valleys Council Code of Conduct</u> sets the minimum requirements of conduct for council officials in carrying out their functions. The Model Code is prescribed by regulation and was developed to assist council officials understand the standards of conduct that are expected of them.

#### 10. AMENDING THE TERMS OF REFERENCE

Recommendations for amendments to the Terms of Reference can be made at any time provided that suggested changes are noted on the Agenda, a quorum is present at the meeting and the majority of voting members present support the recommendation.

Amendments to the Terms of Reference must be approved by Snowy Valleys CEO.

#### 11. DISSOLUTION

The CEO may at any time dissolve the Committee.

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#### 12. SUPERSEDING POLICY NO AND TITLE

Risk Management Committee Constitution - SVC-TofR-005-02

#### 13. TERMS OF REFERENCE PREPARED AND AMENDED BY:

**Risk Management Officer** 

#### 14. HISTORY TABLE

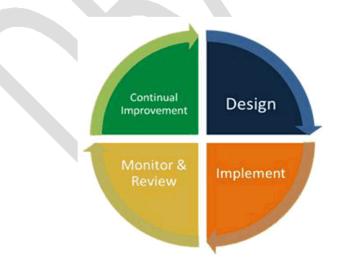
Version No	Approval Date	Resolution Number	Date to be Reviewed
1	28/02/2017	Policy Review Committee	
2	07/02/2018	ARI.02	1/09/2019
3			

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# Risk Management Framework

# SVC-RM-PIn-002-02



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#### PART 1 - OVERVIEW

#### 1.1 Scope of the Risk Management Framework

The Risk Management Framework for Snowy Valleys Council (Council), and all its operations, defines Council's risk management process, methodology, appetite, training and reporting, and establishes the responsibilities for implementation.

Risk management is part of the Council's day-to-day operations and is undertaken at Divisional and Directorate levels as well as more broadly at the overall Council level. The overall aim of risk management within the Council is to support decision making to ensure that organisational capabilities and resources are employed in an efficient and effective manner to manage both opportunities and threats.

#### 1.2 Objectives of the Risk Management Framework

The objective of this Risk Management Framework is to provide a formal process to assist the Council in:

- Encouraging understanding by managers and their staff of the implications of risk exposures, opportunities and their risk management, in their day-to-day work and in strategic and operational planning activities;
- Developing and implementing procedures to ensure that risks are identified, assessed against accepted criteria and that appropriate measures are implemented; and
- Defining and documenting responsibilities and processes.

#### 1.3 Why is Risk Management Important?

An effective Risk Management Framework is not only good business practice but provides organisational resilience, confidence and benefits, including:

- Providing a rigorous decision-making and planning process;
- Providing Council with the flexibility to respond to unexpected threats;
- Taking advantage of opportunities;
- Equipping managers with tools to anticipate changes and threats that may face Council and to allocate resources appropriately;
- Providing assurance to the Executive Leadership Team and Council that critical risks are being managed appropriately; and
- Enabling better business resilience and compliance management.

Term	Definition	
Inter-agency risks	These are the risks which apply to Snowy Valley Council and can affect another agency. Alternatively, these may be risks belonging to another agency that impact on Snowy Valley Council.	
Risk	Is defined as the effect of uncertainty on objectives. It is measured in terms of consequences and likelihood. Can be positive or negative in terms of effect.	
Residual risk	The remaining level of risk after risk treatment measures have been taken into account.	
Risk acceptance	An informed decision to accept the consequences and the likelihood of a particular risk	
Risk analysis	A systematic use of available information to determine how often specified	

#### 1.4 Definitions

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	events may occur and the magnitude of their consequences.	
Risk evaluation	The process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria.	
Risk assessment	The overall process of risk analysis and risk evaluation	
Risk control	That part of risk management which involves the implementation of policies standards, procedures and physical changes to eliminate or minimise adverse risks.	
Risk identification	The process of determining what can happen, why and how.	
Risk management	The coordinated activities to direct and control Council activities and decisions with regard to risk	
Risk Management process	The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk	
Risk treatment	Selection and implementation of appropriate options for dealing with risk	
Risk Owner	Person or entity with the accountability and authority to manage a risk.	
Risk Appetite	Risk appetite is the amount of risk, on a broad level, that Council is willing to accept in pursuit of value, and should reflect Council's capacity to take on risk; Council's strategic and operational objectives; and evolving external factors.	
Risk Tolerance	Risk tolerance provides more detail about Council's risk appetite. Risk tolerance defines the absolute limits (expressed as metrics for specific performance indicators) that Council will not exceed. Risk tolerance implies that Council cannot effectively deal with risks beyond these limits.	
Risk Statement	An [Event that has an effect on objectives] caused by [cause/s] resulting in [consequence/s].	

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#### 1.5 Risk Management Framework

Summary of Council's Risk Management Framework is below. Council's Risk Management Universe is illustrated in Appendix 1.

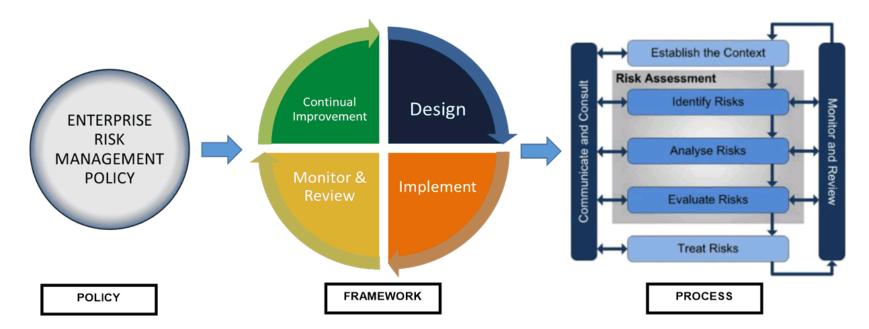


Figure 1. Relationship between the Policy, Framework and Process of Risk Management

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#### PART 2 - DESIGN

The design of the governance structure ensures Risk Owners, the Chief Executive Officer, the Elected Members of Council and the Audit Risk and Improvement Committee (ARIC) risks are appropriately addressed throughout Council. More detail on responsibilities and accountabilities is found in the **Risk Management Policy.** 

#### 2.1 Audit, Risk and Improvement Committee

The ARIC is established to provide independent oversight of Council risk management to the Elected Members of Council. The ARIC is established under an **ARIC Charter**.

ARIC will develop and annually revise a three (3) year forward **Internal Audit Plan**, based on review of the Risk Register and Assurance Map to obtain the greatest practicable assurance of council's risk mitigation practices.

Prior to the commencement of an internal audit assignment, ARIC will approve the scope of the assignment with a view to effectively targeting the controls most relied upon for risk mitigation

Recommendations from internal audit, external audit or other sources will be dealt with in accordance with the Business Rules for Audit Projects Policy.

In accordance with its charter, ARIC will report at least annually to Council.

#### 2.2 Safety, Risk and Quality Committee

The Safety, Risk & Quality (SRQ) Committee is established to provide oversight of Council's management of risk and to promote a culture of continuous risk identification and management. The SRQ Committee is established under an **SRQ Committee Terms of Reference**.

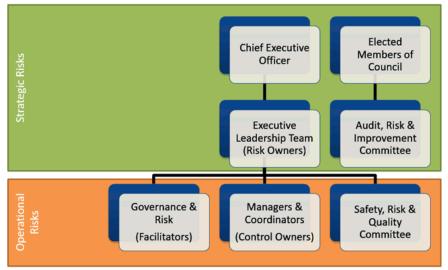


Figure 2. Risk Governance Structure

The ARIC will develop an overall **Assurance Map** to ensure that controls are effectively implemented and maintained.

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The Governance & Risk team facilitate risk management across Council and ensure a continuous culture of improvement and risk maturity. Control Owners are accountable for managing the operational controls for risks. Control Owners report upwards to Risk Owners directly and regularly via the SRQ Committee. Both risk and control ownership will be allocated via the Pulse system.

#### 2.3 Development of risk registers

Risk registers identify and record the risks facing different areas of business. Identifying risk is a critical step in managing the risk. Risk registers allow Council to assess the risk in context with the overall Council strategic direction, and help record the controls and treatments of those risks. The adopted corporate risk register, incorporating all identified risks, for Council is held within the Pulse system. The structure that supports risk management in Council is shown below:

Risk Management Framework Component	Objectives Considered	Report on Risk to
Strategic Risk Register	Whole of Council	Council and Audit Risk and Improvement Committee
Operational Risk Register	Individual Directorate or Major Project	Safety, Risk & Quality Committee
Project Risk Registers	Whole of Project	Council and Program Management Office

Table 1. Breakdown of Risk Registers

#### 2.4 Development of risk management plans

A Risk Management Plan outlines the foreseeable risks and provides a set of actions (**treatments**) to be taken to bring risks within Council's tolerance (**target rating**). More specifically, the plan includes:

- Proposed treatments;
- Control Owners who are responsible for delivering the treatment; and
- Completion dates for each treatment;

This is managed within the Pulse online system.

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#### PART 3 – RISK MANAGEMENT PROCESS

Council has adopted the Risk Managaement methodology based upon Australian Standard AS/NZS ISO 31 000:2018. Risk is the effect of uncertainty on objectives with a likelihood and frequency that something will occur. Risk is expressed in terms of consequence or impact (i.e. how bad/good could an event be if it happens?) and likelihood (i.e. how likely is it that the event will happen?).

As outcomes of operational and business activities can be uncertain, they are said to have some element of risk. Risk management involves identifying the types of risk exposure within an organisation, measuring the potential impact of those risks and proposing means to mitigate them.

Council seeks to understand its risks by analysis of the **likelihood** and **consequence** of the risk manifesting which forms a **risk rating**.

Proportionate management of risk is done by assigning **controls** and **treatments** in accordance with the severity of the **risk rating** and the **risk tolerance** of the Council.

It is not possible to completely eliminate all risks, therefore, a **target risk rating** is also applied to bring risks to within the Commission's **risk tolerance**. Risk **treatments** seek to bring the current **risk rating** to the **target risk rating** 

Risk management is essential to good management practice and effective corporate governance and ensures decisions are made with sufficient information about risks and opportunities.

#### 3.1 Establish context

Risk management takes place within Council's goals and objectives. Therefore, risk management must be placed into a strategic, operational or project context.

**Strategic risks**, if they occur, impact on the Council's ability to achieve the, Community Strategic Plan, the Delivery Plan or other statutory obligations. These include opportunities and threats associated with the local, regional, state and national economic, social, political, cultural, environmental, regulatory and competitive environments;

**Operational risks**, if they occur, impact the Council's day-to-day service delivery and operation of it's operational functions.

**Project risks**, if they occur, impact on the efficient and effective delivery of an individual project. Project risks may include consideration of operational risks within the scope and context of the individual project.

#### 3.2 Risk Identification and Assessment

#### 3.2.1 Risk Identification

Risk can be more effectively understood and managed if it is clearly articulated. This can be achieved by remembering risk definitions while writing risk statements. Having an understanding of the **objective** at risk is also key. Council identify risks as the effect of an <u>event</u> on the organisation or project objective. These risks are entered in the Pulse risk register.

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#### 3.2.2 Risk Statement

[Event that has an effect on objectives] caused by [cause/s] resulting in [consequence/s].

What can happen? [Event] + What could cause it to happen? [Cause/s] + What could happen if the event occurs? [Consequence/s]

If there are multiple things that could **causes** an **event** then these are additional risks to be added to the risk register and managed individually.

#### 3.2.3 Risk categories

Council has established a number of risk categories (NB. These are recorded as the **Risk Category** in the Pulse system). These risk categories reflect the types of consequences to which Council is exposed, and are integrated into Council's risk assessment process. The risk categories will be applied to sort risks as a basis for comparison, reporting and decision making:

Risk Manageme	nt Categories
Risk Category	Broad Definition
Corporate	Risks relating to the efficient and effective direction and operation of the
Governance	organisation; risks to ethical, responsible and transparent decision making;
and	corruption, fraud risks; risks to compliance with Council policy/procedure; risks
compliance	relating to legislative compliance; legal matters.
Environmental	Risks relating to environmental impacts including pollution, natural climatic
& Public Health	events, and the natural environment. Also widespread impact on public health.
Financial	Risks relating to either an increase or a decrease to expenses or revenue;
	impacting on Delivery Program and Operational Plan.
Human	Risks to staff, recruitment, skill shortages, availability, management, morale,
Resources	retention etc. of Council employees, inadequate resourcing.
Information	Risks relating to the resilience of ICT infrastructure and support systems.
Technology	
Projects	Risks relating to major projects – including planning, scheduling, scope,
	procurement, design, quality, repairs & maintenance, materials, and
	contractor/consultant availability and management.
Reputation	Risks relating to generation of positive or negative publicity; deletion or
	creation of goodwill.
Service	Risks to the operation of the organisation in providing services to the
Delivery	community; impact on assets or infrastructure;
Stakeholders	Risks relating to parties external to Council and their relationship/interaction
and Political	with Council; impact of change; stakeholder expectations; public reaction;
	involvement by watchdog agencies such as ICAC; public pressure that
	impacts on decision-making.
Work Health	Risks relating to accident, injury or illness to Council staff, Councillors,
and Safety	contractors, visitors or individual members of the public.

Table 2. Risk Categories

#### 3.3 Risk Analysis and Evaluation

The objectives at this step are to identify which risks are adequately controlled and those which require additional treatments. The level of risk is determined by measuring the **likelihood** (Table 2) of each event arising and the associated potential **consequences** (Table 3).

#### 3.3.1 Measuring the Level of Likelihood and Consequence

Depending on the nature of the risk identified there will be either a Probability or Likelihood statement that will be more appropriate. For example, financial transactions or customer service

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requests may be assessed using the **transactional** likelihoods whereas single events like a vehicular collision may use the **operational** statements. **Probability** is potentially a more suitable estimation for events that have no precedence or data to better inform the assessment.

	TRANSACTIONS	OPERATIONS	PROBABILITY	
		(day/week/month/year as appropriate)		
	1:100 transactions	Expected to occur in most circumstances or at least once in the given period.	90-99%	Almost Certain
доон	1:500 transactions	Will probably occur in most circumstances or once in the given period.	70-89%	Likely
ПКЕЦНООВ	1:1000 transactions	Could occur at some time or may occur once over 5 periods.	30-69%	Possible
	1:3000 transactions	Not expected to occur or may occur once in 5-10 periods.	10-29%	Unlikely
	1:10000 transactions	Exceptional Circumstances only or less than once per 10 periods.	1-9%	Rare

Table 3. Likelihood Statements

The Consequence statements are an expression of the risk appetite for each category of risk. When making an assessment of a risk it may have multiple possible consequences. For example, an injury may have a WHS consequence, a Compliance consequence and Human Resources consequence. If this is the case then select the consequence with the highest consequence rating.

CONSEQUENCE								
	INSIGNIFICANT	MINOR	MODERATE	MAJOR	CATASTROPHIC			
CORPORATE GOVERNANCE & COMPLIANCE	Minor internal non- compliance Minor legal, regulatory or internal policy failure	Minor legal issues / non-compliance or breaches Minor legal issues, non-compliance and breaches of regulation	Breach of some important regulations Serious breach of regulation with investigation and prosecution and/or moderate fine possible	Partial failure to fulfil statutory duty Major breach of regulation. Major litigation	Fundamental failure to fulfil statutory duty Significant prosecution and fines. Very serious litigation including class action			
ENVIRONMENTAL & PUBLIC HEALTH	Isolated and temporary pollution of local waterways. Isolated harm to flora or fauna. Interruption of waste collection of <3hrs. No cases of epidemic disease in Murrumbidgee Local Health District	temporary pollution of local waterways. Isolated harm to flora or fauna. Interruption of waste collection of <3hrs. No cases of epidemic disease in Murrumbidgee Local Health District		Pollution of local waterways, failure of potable water supply. Loss of endangered native species. Spread of feral or noxious invasive species. Interruption of waste collection of 3 days. Case of epidemic disease in workplace	Pollution of multiple local waterways. No potable water. Loss of multiple endangered native species. Uncontrolled spread of multiple feral or noxious invasive species. Interruption of waste collection of >3days. Multiple infections in workplace.			
FINANCIAL	Less than 1% of relevant position	Within 1% - 2.5% of relevant position	Between 2.5% - 5% of relevant position	Between 5% - 10% of relevant position	Over 10% of relevant position			
HUMAN RESOURCES	Lack of consistency in some practices by staff across the Council	Loss of minimal staff with skills, knowledge and expertise. Disengaged staff.	Loss of key staff with skills, knowledge and expertise. Absenteeism or loss of qualified staff.	Loss of multiple key staff with skills, knowledge and expertise of a key program/project.	Unexpected loss of a significant number of critical management level staff.			
INFORMATION TECHNOLOGY	Data breach of protected personal information or business in confidence information of <100 records.	Data breach of protected personal information or business in confidence information of between 100 – 500 records	Data breach of protected personal information or business in confidence information of between 500 – 1000 records	Data breach of protected personal information or business in confidence information of between 1000 – 2000 records. Malware or other attacks limiting network service	Data breach of protected personal information or business in confidence information of >2500 records Ransomware locks entire system down.			

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CONSEQUENCE								
	INSIGNIFICANT	MINOR	MODERATE	MAJOR	CATASTROPHIC			
PROJECTS	Expected delay of < 1 week to one or more of the project's critical path activities which can be managed within overall Project schedule Impact on scope or quality is negligible. Negligible impact to business case or benefits.	Expected delay of between 1 - 2 weeks to one or more of the project's critical path activities which can be managed within overall Project schedule Some areas of scope or quality affected.	Delay of between 1 Month to 3 Months to the Approved Project Completion Date Major areas of scope or quality are affected. Unforeseen complexity requiring multiple vendors and dependencies (eg. Software) Minor impact on business case and benefit.	Delay of between 3 to 6 months to the Approved Project Completion Date Majority of scope is affected. Requirements and proposed solutions are not understood between vendor and SVC prior to commencing project. Tangible impact on business case and benefit.	Delay of > 6 months to the Approved Project Completion Date Scope or quality reductions are unacceptable making project result useless. Fundamental impact o business case rendering project unviable.			
REPUTATION	Resolved in day-to- day management Very limited public and political interest Complaint from one stakeholder		Short-term public and political interest Short-term media attention up to or > 1 week. Local community concern	Adverse State / National media coverage > 2 weeks Medium-term public and political interest	Sustained loss of reputation at international / Nationa State level Concentrated public and political interest Adverse State/Nation: media coverage > 4 weeks.			
SERVICE DELIVERY	Limited operational impact to the Council	Minor impact on operations and service delivery affecting one or more critical processes. Minimal time, effort and cost required to recover and restore critical processes	Moderate impact on operations and service delivery. Moderate time/ cost required to recover and restore critical processes	Significant impact / total degradation of service delivery. Significant management and staff time/ cost required to recover and restore critical processes	Widespread impact on and total degradation of operations and service delivery. Extensive management and staff time, effort and cost required to recover and restore critical processes			
STAKEHOLDERS & POLITICAL	Isolated case of complaint or query from stakeholder. Individual volunteer not providing support.	Multiple complaints or queries of a similar nature. Difficulty sourcing volunteers	Significant level of complains from multiple stakeholders and/or GIPA requests. Inability to source volunteers	Grant funding being reviewed. Ongoing complaints or GIPA requests from key stakeholder groups.	Withdrawal of grant funding. Loss of licences, s355 Committee support, or major contracts. Privatisation of Forestr Corp.			
WORK HEALTH & SAFETY	No injury Near miss only.	Near miss or actual minor workplace injury -no lost time however first aid may have been administered.	Near miss or incident resulting in Lost time injury. Treatment as out patient	Incident resulting in serious injury requiring hospitalisation. Medically treated injury.	Incident resulting in One or more fatalities. Long term injury or illness with permanent disability.			

Table 4. Consequence Statements

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#### 3.3.2 Inherent risk rating

An inherent risk rating represents the level of risk as it stands today. Most risks will have some existing controls that are also inherent to the risk rating. For example, a vehicular collision will have consequences limited by controls such as airbags, seatbelts, crumple zones, etc that are inherent with the risk.

	Consequences						
Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic		
Almost Certain	Medium	High	High Extreme Extreme		Extreme		
Likely	Medium	Medium	High	High	Extreme		
Possible	Low	Medium	High	High	High		
Unlikely	Low	Low	Medium	Medium	High		
Rare	Low	Low	Medium	Medium	Medium		

Table 5. Risk Matrix

#### 3.4 Risk treatment

The objective of this step is to identify how the identified risks will be treated. The table below will be used to determine if a risk can be accepted without additional treatments. The current acceptable level of risk, or target rating, is **Medium**. If the assessed risk is rated higher than **Medium** then additional **risk treatments** need to be put in place to reduce the risk to the target rating.

Treatments will need to be monitored regularly until they are all in place and are effective at reducing the **risk rating**. Until they are in place they must be monitored as per the Action Required column in the table below.

Should the **residual risk** after treatments have been implemented be above the target rating then it will need to be notified to an appropriate level for their acceptance of the risk.

Risk Level Risk Treatment		Description of Risk	Action Required
Extreme Avoid the risk		Risks that represent a threat beyond Council's risk tolerance	UNACCEPTABLE RISK Immediate action required to eliminate or reduce the risk. Must have a Treatment Plan.
High	Mitigate	Risks that jeopardise achieving Council's strategic objectives or operations	UNACCEPTABLE RISK Urgent action required to reduce the risk. Must have a Treatment Plan.
Medium	Transfer the risk	Risks that may cause operational problems but are within budget and manageable	<b>TOLERABLE RISK</b> Provided risks are "As Low As Reasonably Practicable" and other risk controls are effective.
Low	Accept the risk	Risks that are monitored and controlled locally	ACCEPTABLE RISK Can be managed with existing procedures and controls

Table 6. Risk Treatment Ratings & Actions

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#### 3.4.1 Determine the Level of Residual Risk

Residual risk represents the level of risk after taking into account existing **controls** and proposed **treatments** for each risk. By reviewing the **likelihood** and **consequence** ratings the level of **residual risk** is determined.

#### 3.5 Communication and Consultation

Communication and consultation with stakeholders to ensure understanding of the process and its intended outcomes are key elements in every step of the risk management process. The type of communication and consultation should be commensurate with the context of the risk.

#### 3.5.1 Communication of Responsibilities and Accountabilities

Risk management responsibilities, accountabilities and authorities are set out in:

- The Risk Management Policy;
- Positions descriptions;
- Pulse Delegations
- Project documentation;
- Performance planning and review documentation; and
- Risk registers.

#### 3.6 Training and communication

Council has clarified roles, responsibilities and accountabilities at all levels. The Risk Management Framework is embedded in operations through a number of communication, training and support systems, including:

#### 3.6.1 Training

To ensure that adequate risk management competency levels are achieved and maintained, Council provides regular training in the risk management process and its application to Risk Owners and persons in key positions including Control Owners.

Specific risk management training sessions will be held every two (2) years, aimed at providing an overview of the Risk Management Framework. Additional ad-hoc training will be provided as required.

#### 3.6.2 Advice and Support

Advice and support in relation to risk management is available by consulting;

- The Risk Management Officer;
- Council's Risk Management system, Pulse.

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#### 3.7 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 Framework will be obtained from the internal risk reporting process, internal audits and other available information.

#### 3.7.1 Risk Reporting

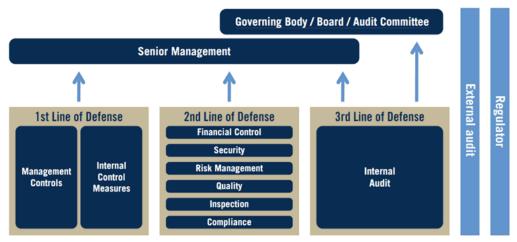
Risk reporting supports discussion and decision making on strategic risks and Council priorities. The SRQ Committee meet at least quarterly to review performance against the risk management plans and monitor agreed Performance metrics for risk areas.

A quarterly report on all risks exceeding Council's risk tolerance will be presented to the Executive Leadership Team with progress on proposed treatments.

The May Ordinary Meeting of the Audit, Risk and Improvement Committee will review all risks exceeding Council's risk tolerance and progress on proposed treatments.

#### 3.7.2 Assurance Map

An assurance map is a structured means of identifying and mapping the main sources and types of assurance in an organisation across the three lines of defence, and coordinating them to best effect.



## The Three Lines of Defense Model

Adapted from ECIIA/FERMA Guidance on the 8th EU Company Law Directive, article 41

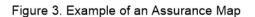
Figure 2. Three lines of defence model

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	Assurance n	1ap - S	Assurance map - Snowy Valleys Council								
			Source of a			Second line of assurance	Third line of assurance				
	Key risk areas	Aesets & Infrastructure	Community & Corporate	Office of CEO	Chief Financial Officer	Governance & Risk	Internal Audit	Consultants and advisory	External Audit	Authorities and regulators	
Financial	Asset management lifecyle Payroll and leave management Treasury management Procurement management Purchasing and accounts payable Billing and accounts receivable Contract management Internal control design Pricing Strategy and Pricing Submission										
Strategic, risk and operational	Emergency response and Business Continuity Safety & Quality Enterprise Risk Management Framework HR Operations Customer Service Environmental management Corporate Governance Media and communications Program Management Office										
Technol	IT security (data security) IT general controls Data privacy										

Keg Focus area FY 18/19 Focus areas FY 19/20 Focus areas FY 20/21 Focus areas FY 21/22



#### 3.7.3 Strategic Internal Audit Plan

Internal audit is a key component of the Council's assurance framework. The primary objective of internal audit is to provide an assurance framework to underpin the risk management program. This includes reviews of processes and controls over high risks as determined through the risk planning process. The internal audit function provides independent appraisal of the adequacy and effectiveness of internal controls. Internal audit is responsible administratively to the CEO and reports to ARIC. The ARIC will endorse a 4 year Strategic Internal Audit Plan with annual reviews to ensure appropriate coverage of risk areas.

Recommendations will be provided, where applicable, for improvements to controls, efficiency and effectiveness of processes. The internal audit function reports directly to the SRQ Committee and CEO. Internal audit provides an ongoing cycle of audits of key risk areas in the Assurance Map, which is built into the annual audit planning process as approved by the SRQ Committee and CEO.

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#### 3.7.4 External Audit

Council participates in externally initiated assurance activities which provide independent assessment over the effectiveness of Council's control environment. Typically Council is unable to influence the scope or frequency of these assurance activities.

#### 3.7.5 Insurance Strategy

Insurance is a means of transferring residual risk. Council's insurance program is reviewed on an annual basis, taking into account the risk profile, the prevailing status of the insurance market and Council's risk appetite at the time.

#### 3.7.6 Business Continuity Planning

A Business Continuity Plan (BCP) will be maintained to ensure that Council is able to effectively deal with any issue that may constitute a significant risk to the normal operation of Council. A Business Impact Analysis (BIA) is the foundational principle for all BCPs.

#### 3.7.7 Information Technology – Disaster Recovery Planning

A primary objective in developing an Information and Communication Technology (ICT) strategy is to ensure the resilience of ICT infrastructure and support systems. An ICT Disaster Recovery Plan will be maintained to ensure the continuity of ICT systems availability and protection of data in the event of an unwanted event.

#### 3.7.8 Compliance

The Pulse delegations register includes a six monthly update from Council's legal advisors on any changes or additions to council's compliance duties.

#### PART 4 - REFERENCES

- 1. Internal Audit Guidelines (2010), Division of Local Government, NSW Department of Premier and Cabinet
- 2. ISO 31000:2018 Risk Management Guidelines

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