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RISK MANAGEMENT POLICY AND FRAMEWORK

Strategic Outcome:	Good government	
Policy type	Administrative	
Date of Adoption:	20 July 2022	Minute Number: 211
Date for Review:	15 July 2026	
Responsible Officer:	Enterprise and Risk Manager	
Document Control:	Replaces Risk Management Policy and Framework adopted on 15 March 2017	
Delivery Program Link:		

1. POLICY STATEMENT

Berrigan Shire Council is committed to managing its risks strategically and systemically in order to benefit the community, manage adverse effects to Council and identify opportunities.

Risk management is everyone's responsibility. It is an activity that begins at the highest level and is applied consistently through all levels of Council. All workers are required to integrate risk management procedures and practices into their daily activities and must be competent and accountable for identifying and adequately managing risk within their area of responsibility.

Risk management is not an isolated function and can be applied to any activity, including decision making at all levels. Effective identification, analysis, evaluation and treatment of defined risks are critical to Council achieving its objectives and meeting community expectations.

2. PURPOSE

The purpose of this policy is to reflect the Council's Risk Management Appetite Statement and in doing so:

- outline the way in which Council's risk management functions are integrated into the activities and processes of the Council whilst adhering to the principles of risk management;
- emphasise Council's commitment to identify, evaluate and control risks in order to achieve its objectives;
- outline the responsibilities of key stakeholders;



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- ensure standard reporting protocols are established across all Council departments; and
- assist in the development of a continuous improvement culture by integrating risk management processes into all Council function.

3. SCOPE

This policy applies to all workers, elected members, Audit, Risk and Improvement Committee (ARIC) members, and the processes of the Berrigan Shire Council.

4. OBJECTIVE

This policy is developed to assist the Council in achieving the outcomes of the Community Strategic Plan (CSP), and to provide guidance in determining the risks to achieving those outcomes.

5. DEFINITIONS

ARIC	Audit, Risk and Improvement Committee
Consequence:	outcome of an event affecting objectives
Likelihood:	chance of something happening.
Risk:	effect of uncertainty on objectives.
Risk appetite:	the amount and type of risk Council is willing to pursue, retain or tolerate in the achievement of goals and objectives.
Risk assessment:	the overall process of: a) finding, recognizing and describing risks, b) analysing the nature and level of risk, and c) evaluating the risk by comparing results with risk criteria to determine whether the risk is acceptable or tolerable.
Risk management:	coordinated activities to direct and control an organisation with regard to risk.
Workers	in accordance with the definition of workers in the <i>Work Health and Safety Act 2011</i> , a person is a worker if they carry out work in any capacity for the person conducting a business or undertaking. This includes employees, contractors, volunteers, elected members, ARIC members.



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6. POLICY IMPLEMENTATION

6.1 Integrating risk management into council activities

Risk management is an integral part of the Council's planning processes and must be integrated into the daily activities of the Council. The executive and all program areas within the Council will adopt and implement the risk management guidelines contained within ISO31000:2018 *Risk management guidelines* (the Standard) and specified in Council's risk management framework.

Risk management is the responsibility of every individual within the organisation. Training in knowledge and skills required to successfully undertake risk assessment and risk management practices will be provided by the Council, in line with responsibilities.

6.2 Identification and treatment of risks

Risks will be routinely identified through inspections, audits, incidents, complaints and more informally through the everyday work activities undertaken by Council. As the risk management responsibilities of Council are extremely diverse, treatment must be prioritized within the resources available. It is neither possible or viable to treat all identified risks, and guidance on what may be regarded as acceptable risk can be determined through Council's Risk Appetite Statement, and Council's Risk Management Framework.

Risk management principles will be systematically applied with risks assessed as unacceptable, incorporated into relevant action plans. Progress in the management of treatments will be monitored by the Enterprise Risk Manager, and relevant managers.

Where necessary, recommendations provided by external audit, advice from risk management specialists, and relevant external stakeholders will be used to direct Council's risk management activities.

The goal is not necessarily to eliminate risks, but rather to manage risks involved in Council's functions and services and to create and protect value for our stakeholders and community.

6.3 Risk management responsibilities

All Council workers have an obligation in developing a 'risk aware' culture within the organisation.

6.3.1 Council

The Council is responsible for

- demonstrating leadership in their commitment to risk management;
- overseeing risk management processes;
- ensuring risks are adequately considered when setting Council's strategies and objectives;



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- ensuring there is a systematic and effective approach to managing risk and opportunity across Council operations that is implemented, monitored and communicated;
- applying risk management principles to the decision making process; and
- ensuring appropriate resources are allocated in order to carry out risk management activities.

6.3.2 Chief Executive Officer

The CEO has overall responsibility for the implementation of risk management across the Council including:

- Promoting a strong risk management culture by providing firm and visible support for risk management including ensuring appropriate accountability for the management of risk;
- ensuring appropriate resources are allocated to meet Council's risk management obligations;
- establishing and maintaining a climate of risk awareness and intelligence;
- ensuring the Council's strategic and operational risks are regularly reviewed; and
- ensuring Directors, managers and staff receive support and training to fulfill their responsibilities.

6.3.3 Enterprise Risk Manager

The ERM is responsible for co-ordinating Council's risk management processes including:

- facilitating development and continual improvement of appropriate systems;
- developing and maintaining governance mechanisms that effectively monitor risks and their management;
- integrating risk management activities from the various sections of the Council and co-ordinating the risk management budget;
- setting requirements for risk management based on the Standard and ensuring they are consistent with Council's strategic objectives; and
- co-ordinating reports and information for the ARIC to review

6.3.4 ARIC

The ARIC, as an advisory committee, provide a forum for strategic advice and recommendations for improvement on Council's risk management processes. The ARIC will:

- review current risk management practices in accordance with the ARIC Schedule 1 – Responsibilities, and advise on improvements; and
- review Council's risk register and set the internal audit work plan.



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6.3.5 Directors, managers and supervisors

Directors, managers and supervisors are accountable for risk management within their areas of responsibility. They must also:

- integrate risk management into all aspects of their business;
- create an environment where managing risk is accepted as the personal responsibility of each employee;
- systematically identify, analyse, evaluate and treat any risk that might impact on their objectives. Where necessary they can seek guidance from the Enterprise Risk Manager;
- include risk treatments into departmental plans;
- empower staff to be actively involved in managing risk;
- ensure risk management practices and treatments are consistent with Council requirements, monitored to ensure management strategies remain effective, and commensurate with the level of risk exposure;
- promote a proactive risk culture in accordance with business management and improvement initiatives; and
- maintain appropriate records recording identified risks and treatment methods. Where treatments have not occurred, this must also be documented specifying the reasons why.

6.3.6 Workers

All workers of the Council must be actively involved in Council's risk management activities including:

- maintaining an awareness of risks (current and potential) that relate to their area of responsibility;
- advising managers of risk issues requiring attention; and
- being actively involved in the identification, assessment and management of risk.

6.4 Risk management framework

Berrigan Shire Council will use ISO31000:2018 as the basis for risk management activities. Council has developed a framework that emphasises the integral role of risk management in the management process and includes procedures and practices designed to support this policy. Adherence to the framework will integrate risk management practices into all business activities and systems of the Council and help develop a risk aware culture amongst all stakeholders.

The purpose of the framework is to integrate risk management into Council's activities. The framework encompasses integration, design, implementation, evaluation and improvement, and requires leadership and commitment for it to be effective.

Observing the framework will enable the Council to fulfil its stewardship responsibilities including:



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- protecting resources from loss or misuse;
- ensuring the safety of Council, staff and the public; and
- generally encouraging excellence in management, including innovation that may involve responsible risk taking.

6.4.1 Risk management in practice

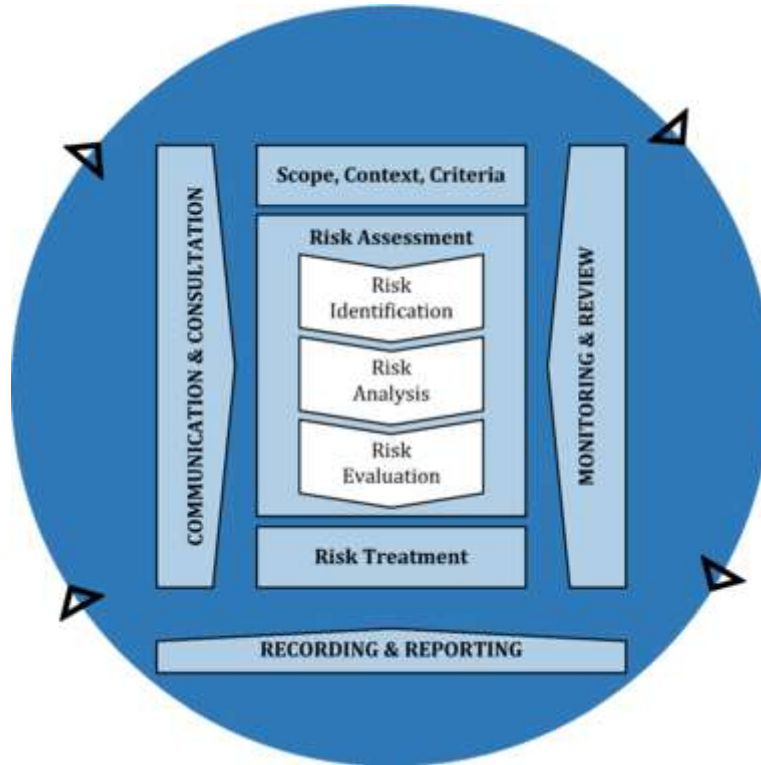
The Standard provides a template that enables a consistent and comprehensive approach to risk management across the Council.

The risk management process includes:

1. Communication and consultation
2. Establishing the scope, context and criteria
3. Risk identification
4. Risk analysis
5. Risk evaluation
6. Risk treatment
7. Recording and reporting
8. Monitoring and review

This process will be applied to manage and determine risk, and customised to achieve Council's objectives, and to suit the external and internal context in which it is applied.

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6.4.2 Risk environment

Council's risk environment is diverse and incorporates a wide range of issues.

The complexity of Local Government creates a range of competing interests that need to be prioritised against the available resources (both time and financial). Identification, analysis and management of risks on which resources will be used will be undertaken in a transparent, efficient and effective manner.

In carrying out risk management activities the Council aims to be objective, open and accountable in its decision-making processes.

6.4.3 Risk analysis

Once risks have been identified it is necessary to analyse the risk in terms of the likelihood and consequences of an event occurring. These two parameters can be used to produce a level of risk which will help set treatment priority and options. Using a qualitative approach, risks will be assessed against descriptive likelihoods (*refer* Table 1) and consequence (*refer* Table 2) rather than a strict numerical analysis.

Level	Descriptor	Description	Indicative Frequency
A	Almost Certain	The event will occur on an annual basis.	Expected to occur.
B	Likely	The event has occurred several times or more in your career.	Will probably occur.
C	Possible	The event might occur once in your career.	Might occur at some time.
D	Unlikely	Heard of something like this occurring.	Not likely to occur.
E	Rare	Have never heard of this happening.	Conceivable but highly unlikely.

Table 1 – Likelihood



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Table 2 – Consequences

Level of Severity	People & Culture	Financial	Work Health & Safety	Natural Environment	Technology	Community (Social & Cultural/Government / Reputation and Media	Governance (Legal and Public Liability)	Built Environment (including plant and equipment)	Positive consequences
5	Loss of critical services, major financial strain to outsource, inability to recruit., Major loss of workforce knowledge.	Extensive financial loss (>25% operating budget), loss of program or business operation.	Single fatality and/or severe irreversible disability (>30%) to one or more persons.	Fatalities occur, extensive release off- site, requires long term remediation.	Cyber security severely compromised, Unable to recover from breach or data failure, Business continuity severely affected, Back up system failure	Extensive public outcry, potential national media attention.	Extensive fines and litigation with possible class action, threat to viability of program or service., Death or permanent disability,	Major weather event destroys infrastructure.	Significantly enhanced reputation, huge financial gain, significant saving in time.
4	Loss of services, moderate financial strain to outsource and recruit, increase in workers compensation claims, Moderate loss of workforce knowledge.	Major financial loss (<25% operating budget),severe impact on program or business operation	Moderate irreversible disability or impairment (<30%) to one or more persons.	Major environmental impact, release spreading off-site, contained with external assistance.	Cyber security compromise likely, Loss of data from backup restoration > 1 week, Business continuity delayed due to outdated systems.	Serious public or media outcry, broad media attention.	Major breach with fines and litigation, long term significance and major financial impact., Long term illness or serious injury resulting in permanent disability	Infrastructure (including plant and equipment) failure resulting from ignored upgrade requirements.	Enhanced reputation, major financial gain, large saving in time.
3	Service delivery is strained and reputational damage increases, High staff turnover, Moderate loss of workforce knowledge.	Significant financial loss (<20% operating budget), considerable impact on program or business operation.	Serious injury requiring hospitalization and lost time.	Significant environmental impact, on-site release contained with assistance.	Data loss up to several days from backup restoration, Difficulty managing business continuity due to outdated systems.	Significant public criticism with or without media attention.	Serious breach involving statutory authority or investigation, prosecution possible with significant financial impact, Serious injury and hospitalisation.	Increase in population growth places strain on Council infrastructure.	Some enhancement to reputation, high financial gain, good saving in time.



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Level of Severity	People & Culture	Financial	Work Health & Safety	Natural Environment	Technology	Community (Social & Cultural/Government / Reputation and Media	Governance (Legal and Public Liability)	Built Environment (including plant and equipment)	Positive consequences
2	Timeframes to recruit staff are extensive, workplace culture is stressful to accommodate workloads, Minor staff turnover with some loss of workforce knowledge.	Minor financial loss (<10% operating budget), minimal impact on program or business operation	Minor injury requiring medical treatment or first aid.	Minor environmental impact, on-site release immediately controlled.	Data loss of 24 hours from backup restoration, Business continuity processes implemented with moderate disruption up to 24 hour outage.	Heightened local community concern or criticism.	Contained non-compliance or breach with short term significance and minor financial impact, Minor injury	Staff required to utilise outdated and unsafe plant and equipment due to strain on ability to replace or upgrade items.	Small benefit, low financial gain, small saving in time.
1	Staff recruited without extensive experience, Service delivery is slowed but manageable, Staff turnover stable.	Negligible financial loss (<2.5% operating budget), no impact on program or business operation.	Minor injury not requiring medical treatment / No injury	Minimal environmental impact, isolated release only.	Data loss of negligible, Business continuity processes implemented with minor disruption up to 2 hour outage.	Isolated, internal or minimal adverse attention or complaint.	Isolated non-compliance or breach, negligible financial impact, Minor insignificant injury or no injury.	Council receive complaints regarding infrastructure, requiring ongoing maintenance.	Minimal benefit or financial gain, negligible saving in time.

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Table 3 - Incident Rating Matrix

	CONSEQUENCE				
LIKELIHOOD	1	2	3	4	5
A	Medium (11)	High (16)	High (20)	Very High (23)	Very High (25)
B	Medium (7)	Medium (12)	High (17)	High (21)	Very High (24)
C	Low (4)	Medium (8)	High (14)	High (18)	High (22)
D	Low (2)	Low (5)	Medium (9)	Medium (13)	High (19)
E	Low (1)	Low (3)	Medium (6)	Medium (10)	High (15)

The incident rating matrix compares the level of likelihood (A-E) to the level of severity (1-5) to produce a risk rating and a prioritised value.

6.4.4 Risk evaluation and treatment

The purpose of a risk evaluation is to make decisions about which risks need treatment and treatment priorities based on results of the analysis.

Table 4 - Risk Response

	RESPONSE REQUIREMENTS	
	Response	Action
Very High	<ul style="list-style-type: none"> CEO and Senior management attention required. Consider cessation / suspension of the activity giving rise to the risk until such time as the CEO / Senior Management Team authorises its continuation and / or whilst other risk treatment strategies are being developed / implemented Action plan required. 	<ul style="list-style-type: none"> Immediate response. Specify management responsibility Identify and development treatment strategies for immediate action
High	<ul style="list-style-type: none"> Senior management attention. Action plan required. 	<ul style="list-style-type: none"> Response required within 7 working days. Specify management responsibility.
Medium	<ul style="list-style-type: none"> Implement specific monitoring or response procedures. 	<ul style="list-style-type: none"> Heightened action. Specify management responsibility.
Low	<ul style="list-style-type: none"> Manage by routine procedures. Unlikely to require a specific application of resources 	<ul style="list-style-type: none"> Business as usual Response may not be necessary Review within department parameters and routine procedures

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In general, the severity of the risk will determine the level of detail required in the assessment. Whilst detailed documentation may not be required for very low risks, a record must be kept of the rationale behind undertaking an initial screen of these risks.

As Council has limited resources for risk management activities, it will usually not be cost-effective nor desirable to implement all possible risk treatments. It is however necessary to choose, prioritise and implement the most appropriate combination of risk treatments. Treatment options, or more usually combinations of options, are selected by considering factors such as costs and benefits, effectiveness, Council's risk appetite and other criteria of relevance to the Council. It is therefore important to consider individual risks and treatment programs in the broader context of Council's risk management strategy and the overall objectives of the Council.

6.4.5 Risk appetite

Under this policy, risk appetite refers to:

1. the risks Council is prepared to take to achieve its strategic objectives;
2. the risks Council is prepared to endure in response to a decision not to implement treatments; and
3. the acceptance of the residual risk following the implementation of risk treatments.

Council has established its risk appetite using the levels and definitions of:

- avoid (little to no appetite)
- resistant (small appetite)
- accept (medium appetite), and
- receptive (larger appetite).

After consultation, Council's risk appetite has been defined in a separate document and is summarised in Table 5.

Table 5 - Risk Appetite Summary

Category of Risk	Avoid	Resistant	Accept	Receptive
Legal	Secondary	Primary		
People & Culture			Primary	
Positive Consequences				Primary
Financial		Primary	Secondary	
Public Liability		Primary		
Work Health & Safety	Primary			
Natural Environment		Primary		



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Category of Risk	Avoid	Resistant	Accept	Receptive
Built Environment (including plant & equipment)			Primary	
Community (Social & Cultural, Government, Reputation & Media)			Primary	
Technology	Secondary			Primary

6.4.6 Risk treatment

Risk treatment options will be selected by considering the Council's obligations, voluntary commitments and stakeholder views, the Council's objectives, risk criteria resource availability.

Options for treating risk include:

- avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk,
- taking or increasing the risk in order to pursue an opportunity,
- removing the risk source,
- changing the likelihood,
- changing the consequences,
- sharing the risk (e.g., contracts, insurance)
- retaining the risk by informed decision.

6.4.7 Monitoring and review

Ongoing review of risk management activities is essential for management plans to remain relevant. Factors affecting the likelihood and consequence of an outcome may change, as might factors that affect suitability or cost of the treatment options. Therefore the risk management cycle should be repeated regularly.

Progress in the management of treatments will be monitored by the Enterprise Risk Manager and the ARIC.

6.4.8 Recording and reporting

Everyone involved in the risk management process must ensure each step is documented. This is important for a number of reasons including to:

- demonstrate to stakeholders that the process has been conducted properly;
- provide evidence of a systematic approach to risk identification and analysis;
- enable the review of decision or processes;

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- provide a record of risks;
- develop Council's knowledge database;
- provide an accountability mechanism and tool;
- facilitate continued monitoring and review;
- provide an audit trail; and
- share and communicate information.

6.5 Risk management knowledge and skills development

The knowledge and skills development component of the Council's risk management framework is aimed at increasing the understanding and skills of staff regarding their risk management accountabilities and responsibilities.

All management and staff will be made aware of their obligations to manage risk. Staff inductions will include making new workers aware of the Council's risk management policy and their obligations to manage risk.

Training will be provided to all staff and included on training plans with a focus on policies, procedures and the use of risk management templates.

7. RELATED LEGISLATION, POLICIES AND STRATEGIES

7.1 Legislation

- *Work Health and Safety Act 2011*
- *Work Health and Safety Regulations 2017*
- ISO31000:2018 Risk management - guidelines

7.2 Council policies and guidelines

- Work Health and Safety policy
- Fraud Control policy and plan
- Signs as Remote Supervision policy
- Playground Management policy
- Risk Appetite Statement
- Strategic Risk Plan
- ARIC Terms of Reference and Schedule 1

8. RECORDS MANAGEMENT

Recording of all information relating to this policy ...



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All Records must be kept in accordance with Council's Records Management Policy (currently under development) and destroyed as per the General Retention and Disposal Authority: Local Government Records (GA39).

9. REVIEW AND EVALUATION

This policy (procedure) will be evaluated and reviewed at least once every four (4) years as per Council's Governance Policy (currently under development) or as required.

10. DOCUMENT AVAILABILITY

A number of legislative instruments require Councils to have the policy available for inspection at Council's principal office (i.e. Policies made under Part 3, of the Local Government Act 1993). Each document should therefore state the ways in which the policy is available including any relevant fees and charges for access to such policy. An example of the required statement is provided below:

This policy will be available for inspection at Council's principal office during ordinary business hours as per the requirements of section 18 (c) of the *Government Information (Public Access) Act 2009* and section 167 of the *Local Government Act 1993*.

Access to the policy in digital format is free and is available on Council's website <https://www.berriganshire.nsw.gov.au/>

Printed copies of the document are available at Council's principal office (address noted below) and are subject to Council's Fees and Charges.

Berrigan Shire Council
56 Chanter Street
BERRIGAN NSW 2712

Ph: 03 5888 5100

Email: mail@berriganshire.nsw.gov.au

11. VERSION CONTROL

Version Number	Date	Summary	Responsible Officer
1.0		New Policy document	Enterprise Risk Manager
1.1		Minor review (detail)	Director Corporate Services
2.0	20.07.2022	Major revision (detail)	Enterprise Risk Manager

APPENDICES

Nil
