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RISK MANAGEMENT FRAMEWORK

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Classification: **Strategic Management**		
Strategic Plan link: **A Council that is Actively Responsive to Community Needs and Delivers Financially Sustainable Governance and Leadership**		

References and related Policies & Procedures:
Local Government Act 1999
Local Government (Financial Management Regulations) 2011
Work Health and Safety Act 2012
Civil Liabilities Act 1936
State Records Act 1997
Commonwealth Privacy Act 1988
Freedom of Information Act 1991
SA HB:436.1:2020 Risk Management Guidelines – companion to AS ISO 31000:2018, Part1: Boards and executives
AS ISO 31000:2018 Risk Management – Guidelines
Return to Work SA Code of Conduct for Self-Insured Employers
DCSB-SM-18-01 Risk Management Policy
DCSB-HS-12.01 Health Safety and Return to Work Policy
Business Continuity Plan
Disaster Recovery Plan

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1 Introduction

The District Council of Streaky Bay (Council) is committed to an integrated approach to risk management to assist in setting appropriate strategies, achieving objectives and making informed decisions, in the best interests of our community.

Council recognises that managing risk is part of governance and leadership, is fundamental to how the organisation is managed at all levels and will contribute to continuous improvement of its management systems.

Council's Vision states, that Council will strive to be:

"The Most liveable community on the Eyre Peninsula"

The risk management process is not an isolated function and should be applied to all activities, including decision making, at all levels. Effective identification, analysis, evaluation and treatment of risks is critical to Council achieving its objectives and meeting stakeholder expectations.

2 Purpose

This Framework outlines the requirements and processes supporting Council's Risk Management Policy to create and protect value by improving performance, encouraging innovation and supporting the achievement of strategic objectives.

This Framework:

a) aligns with the objectives of the Risk Management Policy;

b) establishes roles and responsibilities for managing risk;

c) documents a standardised, formal and structured process for assessment, evaluation, treatment and monitoring of identified risks;

d) encourages innovation by integrating risk management into the strategic and operational processes throughout the organisation;

e) will assist Council in maximising its opportunities, whilst minimising negative impacts identified during the risk management process;

f) Establishes the process for all risk outside the defined risk appetite to be escalated to the appropriate level and for additional treatment options to be implemented

g) sets out reporting protocols for relevant risk information to be provided to Council, Finance and Risk Audit Committee, Executive Management Team and throughout the organisation; and

h) will support the development of a continuous improvement culture by integrating risk management processes throughout the organisation.

3 Local Government Risk Services (LGRS)

From the perspective of the Local Government sector in South Australia, certain insurable risks have been transferred to a number of self-managed Schemes managed by Local Government Risk Services (LGRS), via payment of an annual contribution. The Schemes are:

a) Local Government Association Mutual Liability Scheme (LGAMLS) for the purposes of Civil Liability coverage and claims management;

b) Local Government Association Workers Compensation Scheme (LGAWCS) for the purposes of workers compensation coverage and claims management; and

c) Local Government Association Asset Mutual Fund (LGAAMF) for the purposes of asset and fleet coverage and claims management.

As a Member of the above Schemes and Fund, Council is obliged to put adequate risk management and prevention strategies in place, in accordance with the Scheme rules.

LGRS provides a range of fully funded and subsidised programs and support services to assist in managing risk across the organisation.

4 Risk Management Principles

The Australian standard for Risk Management Guidelines (AS ISO 31000:2018) describes risk as:

"…the effect of uncertainty (either positive, negative or both) on objectives…"

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

AS ISO 31000:2018 is based on the following eight principles, which underpin this Framework and guide how risk is managed across the organisation:

Integrated	An integral part of all organisational processes
Part of decision-making	Aids decision-makers in making informed choices and identifying the most effective course of action
Structured and comprehensive	Contributes to efficiency and to consistent and comparable results
Best available information	Based on historical and current information, as well as on future expectations, taking into account any limitations and uncertainies associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders
Customised	Aligns with the internal and external context related to our objectives
Human and cultural factors	Recognises that the behaviour and culture can significantly influence all aspects of risk management at each level and stage
Inclusive	Requires appropriate and timely involvement of stakeholders to enable their knowledge, views and perceptions to be considered
Dynamic	Anticipates, detects, acknowledges and responds to changes and events in an appropriate and timely manner as internal and external contexts change and new risks emerge and while others change or disappear
Continual improvement	Learning and experience drives continuous improvement

5 Risk Management Framework



5.1 Leadership and commitment

Council and its Executive Management Team will demonstrate a clear commitment to managing risks throughout the organisation by:

a) developing and implementing a risk management policy, systems and processes for the identification, assessment, monitoring, management and review of strategic, financial, operational and project risks;

b) allocating appropriate resources to implement, monitor and improve the effectiveness of risk management system and processes;

c) ensuring that staff, contractors, volunteers and other relevant stakeholders have the appropriate skills and knowledge to deal with risk;

d) allocating and upholding accountability with respect to risk management and ensuring it is understood; and

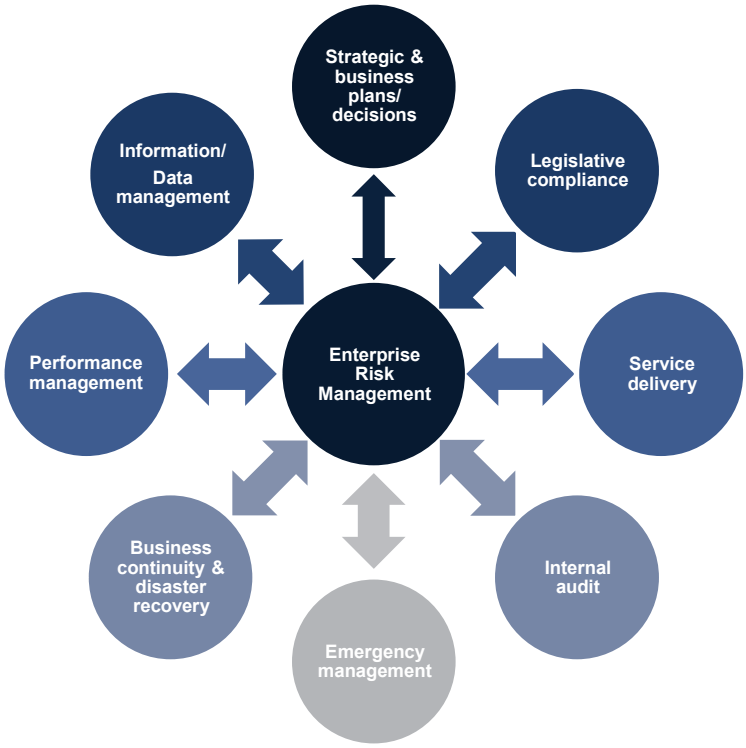
e) Ensuring compliance with legislative and contractual obligations and policy requirements.

5.2 Integration

This Framework provides the methods and processes Council use to manage both positive and negative throughout the organisation.

Governance guides the direction of the organisation and provides the rules, processes, and practices necessary to achieve objectives. Management structures that define risk management accountability and oversight roles across the organisation are critical to achieving sustainable performance and long-term viability.

Risk Management is not just about the risk assessment process nor is it a stand-alone discipline. To maximise benefits and opportunities, it requires integration throughout the organisation, as follows:



5.2.1 Enterprise Risk Management

Enterprise risk management encompasses strategic, operational and project risk management. (Financial risks may be strategic, operational or project based and are generally captured within the internal controls framework)

Strategic risks are identified by reference to both the external environment and strategic objectives. Strategic Risks are monitored by the Executive Management Team), Audit and Risk Committee and the Council, with all risk assessments captured in the Risk Register and recorded within the Records Management System.

Operational Risks arise from day-to-day functions and operations to deliver core services. Operational risks are monitored by the Executive Management Team.

Project Risks are the uncertain events or conditions that have potential to impact either positively or negatively on project objectives. Project Risks are monitored by the project manager and reported to the Executive Management Team and the Council, (where the project is of strategic significance)

5.2.2 Strategic planning and decision making

Strategic and business planning, (which includes long-term financial planning and annual business planning) must adequately consider the risks inherent in setting and pursuing objectives and the effectiveness of systems that are in place to manage and communicate those risks.

Risk management is integrated into governance structures, including decision making, which is supported by incorporating risk analysis into Council and committee reports, where there is a potential impact on the achievement of strategic objectives or on the wider community.

5.2.3 Legislative compliance

The Local Government Act (SA) 1999 applies to the functions of Councils and Prescribed Bodies in South Australia, however, due to the diversity of functions provided, a range of other Acts, Regulations and Codes of Practice and Standards also apply.

Council has implemented a Work Health and Safety (WHS) management system to manage hazards and risks to workers and members of the public, in accordance with the WHS Act (SA) 2012 and Return to Work SA's Performance Standards for Self-Insurers.

5.2.4 Service delivery

Risk exposures vary according to the functions, facilities and services provided and these will inevitably change over time. Council's planning processes address both the risks associated with provision of functions, facilities and services (such as capacity and resources), and risks arising from their delivery (such as public safety and community reaction).

5.2.5 Internal Audit

Internal audit is an independent, objective assurance activity designed to add value and improve the organisation's operations. It provides a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The process of internal audit may result in the identification of new risks or more effective treatments for existing risks.

In the absence of an internal audit function, the CEO will provide an annual report to the Audit and Risk Committee in relation to the policies and processes adopted by the organisation to evaluate and improve the effectiveness of its internal control practices and procedures.

Council engages an independent auditor to undertake an audit of internal controls as required by *Section 125 of the Local Government Act (SA) 1999* and Part 6, Regulation 19 of the Local Government (Financial Management Regulations) 2011.

5.2.6 Emergency Management

Council plans for, and undertakes prevention, preparedness, response and recovery activities to support its community in the event of emergencies and natural disasters. This process includes alignment and co-operation with lead agencies and other Councils in the state as well as providing information and training for workers to protect them from harm whilst responding to emergencies and natural disasters.

5.2.7 Business Continuity Plan, Emergency Management and Recovery Plans—and Information Technology Disaster Recovery Plan

Council is committed to ensuring that critical business functions continue after a business interruption and has/will develop and improve the following plans, taking into consideration reasonably foreseeable risks and their potential impact on achievement of objectives:

a) The DCSB Business Continuity Plan (BCP), which is designed to manage risk by limiting or reducing the impact of a disruption (such as severe weather event or loss of key personnel), and enable the resumption of critical business functions/services following a disruption; and

b) DCSB Emergency Management and Recovery Plans (Community, which is designed to reduce the disruption of the strategic and operational activities of Council that adversely impact the community.

c) The development of Information Technology Disaster Recovery Plan (DRP), which is intended to protect and recover technology infrastructure and data in the case of a disruptive event, (such as cyberattack or damage to/loss of infrastructure,), by defining actions to be taken before, during and after an event.

5.2.8 Performance Management

Both risk management and performance management start with the establishment and communication of corporate goals and objectives and development of strategies which are then cascaded throughout the organisation. Appropriate measures and reporting structures will be put in place to monitor the effectiveness of risk management processes (at an individual and organisational level), which will in turn assist in identifying gaps and emerging risks.

The performance of Council's risk management program will be measured through the following performance indicators

Measure	Reportable
Number of strategic objectives (as per Strategic Risk Plan) achieved (as a percentage of total)	Review/Report Annually
Number of Elected/Audit Committee Members and employees trained in risk management (as a percentage of total)	Review/Report Annually

5.2.9 Information/Data Management

Not only is it critical to the achievement of objectives that data and corporate knowledge is retained, there are regulatory requirements to do so (e.g. compliance with the State Records Act 1997, Commonwealth Privacy Act 1988 and Freedom of Information Act 1991).

Council's records may be vulnerable to cyberattack, malicious intent or unauthorised release, should appropriate risk mitigation strategies not be in place.

5.3 Design

5.3.1 Understanding the organisation and its context

Establishing the context requires those involved in risk management and decision-making processes to understand factors internal and external to the organisation that may influence Council's ability to achieve its objectives.

Risk management culture, organisational structure, strategy and objectives are examples of factors that define internal context.

The external environment may include a range of factors such including (but not limited to):

a) increased legislative and compliance requirements;

b) reduced funding from State Government;

c) community expectations; and

d) social, cultural, political, technological, economic, natural and built environment.

5.3.2 Roles and responsibilities

The following roles and responsibilities ensure a transparent approach to managing risk within Council:

Roles	Responsibilities
Council	• Set the organisation's risk appetite and policy for managing risk; • Give adequate consideration to risks when setting objectives and making decisions; • Foster a culture that is consistent with the organisation's appetite for risk; • Ensure the organisation has the structures and processes in place to support decision making and management of risk; • Set an appropriate governance structure for risk and risk management including Council's Finance and Risk Audit Committee and delegations; • Require the CEO to demonstrate that the framework for managing risk is effective and appropriate; and

Roles	Responsibilities
	• Require the CEO to provide information to allow Council to understand the risks that may have material impacts on achievement of the organisation's objectives. • Consider recommendations from the Finance and Risk Audit Committee relating to strategic, financial and operational risks or any other risk matter
Finance and Risk Audit Committee	• Review and recommend endorsing the criteria contained within the Risk Management Framework • Monitor Councils responsiveness to recommendations for improvement based on previous audits and risk assessments, including those raised by Council's Auditor • Review the Annual Reports from the CEO in relation to policies and processes adopted to evaluate and improve effectiveness of internal control practices and procedures. • Review and evaluate the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and • Review and endorse the Risk Management Framework • Monitor strategic risks on a ~~quarterly~~ bi-annual basis
Chief Executive Officer (CEO)	• Promote a strong risk management culture by providing firm and visible commitment to risk management including ensuring appropriate accountability for the management of risk; • Review the Risk Management Framework • Ensure that effective policies, systems and procedures are established and maintained for the identification, assessment, monitoring, management and annual review of strategic, financial and operational risks and provide a report to the Financial and Risk Audit Committee on a regular basis. • Ensure the Executive Management Team have the necessary knowledge and skills to effectively fulfil their risk management responsibilities • Regularly review strategic, financial and operational risks and maintain an understanding of the environment in which the organisation operates, the risks it faces and the effectiveness of its controls • Ensure compliance with legislative and contractual obligations and policy requirements • Provide reliable information about risks, controls and their effectiveness to Council • Report annually to the Audit and Risk Committee on the internal audit processes; and • Escalate all strategic risks that exceed the organisation's risk appetite to the Finance and Risk Audit Committee or

Roles	Responsibilities
	Council as required
Executive Team	• Commitment to, and promotion of, the risk management policy and framework; • Monitor the organisation's overall risk profile and mitigation strategies; • Ensure that risk management is embedded into all functions and activities, including decision making • Ensure that risks that cannot be treated immediately are recorded on the risk register and that there is ongoing and regular review of the risk register (including follow up and close out of overdue risk treatments) • Incorporate risk treatments into business unit plans • Ensure that staff, contractors, volunteers and other relevant stakeholders have the appropriate skills to be actively involved in managing risk • Provide incentives and performance management arrangements that support the desired approach to managing risk • Promote a proactive risk culture in accordance with business management initiatives • Collectively review strategic risks and consider emerging risks prior to Finance and Risk Audit Committee meetings • Ensure compliance with legislative and contractual obligations and policy requirements
General Manager of Business	• Provide guidance and assistance to Executive Management Team and workers in relation to the application of this framework • Ensure relevant risk information is recorded in the Risk Register and reported and escalated to the Executive Management Team or cascaded to staff, as relevant • Maintain the Risk Management Policy and Framework to ensure its currency and relevance • Maintain the Risk Register and reporting timeframes as required
Employees, Volunteers and Contractors (Workers)	• Understand the risk management processes that apply to their area of work; and • Identify, evaluate, report and manage (or escalate) risks relating to daily activities and projects

5.3.3 Implementation

This risk management framework will be supported by an implementation plan that includes timeframes and resource requirements and processes for engagement with, and provision of information to, relevant stakeholders.

5.4 Evaluation

Council will undertake periodic reviews of this risk management policies, systems and procedure to evaluate their effectiveness and determine whether they remain suitable in supporting the achievement of strategic and operational objectives and provide a report to the Finance and Risk Audit Committee on a regular basis.

5.5 Improvement

To maintain and improve the value of risk management to the organisation, Council will monitor and adapt this risk management framework, with a view to continually improve the suitability, adequacy and effectiveness of its risk management process.

6 Risk Management Process

Having good risk management practices in place provides Council with assurance that measures are in place to maximise the benefits and minimise the negative effect of uncertainties in pursuit of its strategic objectives. Risk management involves both the management of potentially adverse effects as well as the fulfilment of potential opportunities. The risk management process is an integral part of management and decision-making and will be integrated into the organisation's structure, operations and processes.

The dynamic and variable nature of human behaviour and culture should be considered throughout the risk management process.

Although the risk management process is often presented as sequential, in practice it is iterative as illustrated in the AS ISO 31000:2018 Risk management – guidelines:

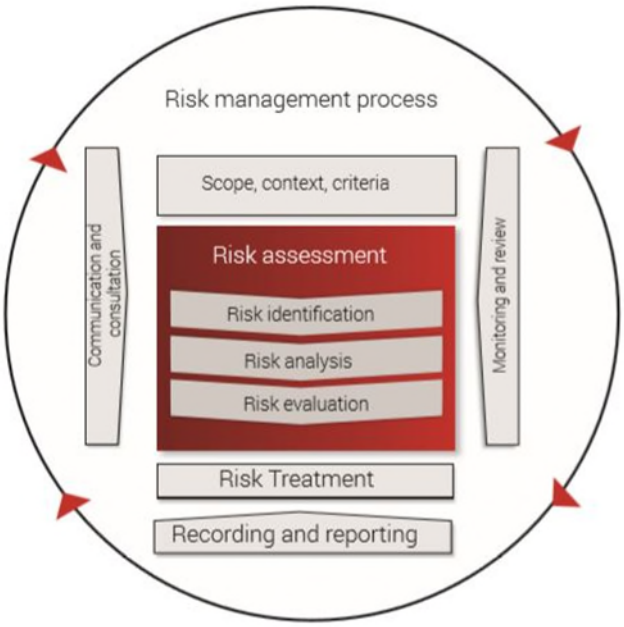


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6.1 Communication and Consultation

Establishing a consultation plan with relevant stakeholders is important to the risk management process. Consultation throughout the process is important to ensure that those responsible for implementing risk management, understand the risk management process.

Council will engage with stakeholders throughout the risk management process to:

- Correctly identify risks, understand the context; and the actions implemented to address the identified risks.

6.1.1 Defining the scope

Because the risk management process is applied at different levels throughout the organisation, it is important to define the scope and it's alignment with the organisation's objectives. This should include consideration of:

a) Goals and objectives of risk management activities;

b) Proposed outcomes and timing;

c) Responsibilities and accountabilities for the risk management process;

d) Risk management methodologies;

e) Processes, activities and projects and how they may interact with other processes, activities and projects;

f) How effectiveness and/or value will be measured and monitored; and

g) Availability of resources to manage risk.

6.1.2 Defining the context

Defining the context is important because:

a) Risk management takes place in the context of achieving objectives and undertaking activities; and

b) Organisational factors can be a source of risk.

The context should reflect the specific environment of the activity to which the risk management process is to be applied, and consider the factors outlined in 5.3.1

6.1.3 Defining risk criteria

Risk criteria are used to evaluate the significance of risk and are reflective of Council's values, objectives and resources and the views of its stakeholders. Agreed risk criteria will be established through consultation with the Executive Management Team, CEO, the Finance and Audit Risk Committee and Council.

It should be noted that, whilst risk criteria is documented in this framework and its appendices, they are dynamic and should be reviewed and amended to reflect the organisation's attitude to risk and risk appetite, as necessary.

6.2 Risk Assessment

6.2.1 Risk Identification

The aim of risk identification is to develop an inclusive list of reasonably foreseeable events that may occur that,- if they do,- are likely to have an impact on achievement of objectives.

Council identifies, assesses and treats risk in the following three risk types:

Strategic	Risks associated with high-level strategic objectives that are articulated in Strategic, Annual Business and Asset Management Plans. Strategic risks may affect the achievement of Member's corporate objectives. They are key issues for the Council and Executive Management Team and impact the whole organisation rather than a /business unit. These risks can originate from within the organisation or externally. In other words, they may prevent the organisation from achieving its strategic objectives.
Operational	Risks associated with business unit functions and daily operations to deliver core services. Often the risks relate to cost overruns, supply chain/logistic issues, employee issues, fraud, WHS, non-compliance to policies and procedures.

Project	Risks associated with Project Management that will affect milestones or outcomes connected to delivering a specific project.

Risk identification naturally flows on from the context discussion and is a process of formally documenting the effects of uncertainty on objectives. An effective approach is to engage as many stakeholders as possible in a structured identification process.

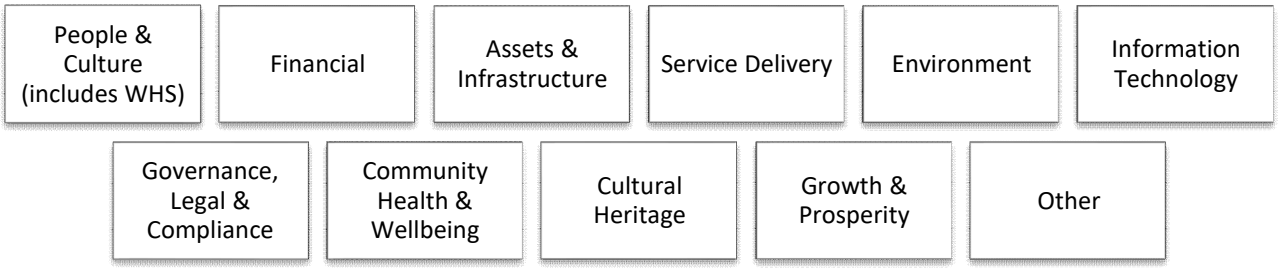
The aim is to generate a list of risks based on those impacts or events. During the identification process, there are a number of questions that need to be asked to capture the information required:

a) What might happen/what could go wrong?

b) What is the cause?

c) How does this affect the objective?

After a risk is identified, it may be categorised and captured in the Risk Register in accordance with the following categories:



The process of risk identification must be comprehensive as risks not identified are by nature excluded from further analysis. Care must be taken to identify and define risks, rather than causes or consequences.

Capturing an additional level of detail with regards to risk areas assists in reporting and analysing trends. An example of this can be found in appendix E.

6.2.2 Risk Analysis

Risk analysis involves developing an understanding of a risk. It provides an input to risk evaluation and to decisions on whether risks need to be treated, and the most appropriate risk treatment strategies and methods. The tables included in the appendices are Council's tools for expressing the consequence, likelihood and level of risk.

6.2.2.1 Risk ratings

A "risk rating" can be determined by combining the estimates of effect (consequence rating) and cause (likelihood rating). The risks are to be assessed against all consequence categories; and the highest consequence rating will be used. The following risk ratings are used:

a) Inherent risk rating, being the level of risk at time of risk assessment with no controls;

b) Current risk rating, being the level of risk with the controls that are currently in place, operating as they are; and

c) Residual risk rating, being the level of risk once further and additional controls are added to reduce the consequence and/or likelihood (i.e. the forecast level of risk remaining after risk treatment).

6.2.2.2 Risk appetite

The Council members in consultation with support from the Executive Management Team are responsible for defining Council's risk appetite, taking into consideration the nature and extent of the risks the organisation is willing to take to achieve its strategic objectives.

In arriving at its risk appetite, Council Members will give consideration to:

a) The degree to which decision makers are permitted to expose Council to the consequences of an event or situation;

b) Aggregated and interlinked risks to determine whether the cumulative level of risk is acceptable or not;

c) Allowing for flexibility to adapt, given changing environment and circumstances to be built in; and

d) Whether decisions are made with full consideration of potential risk and reward.

Council's risk appetite will be included in regular monitoring and review of strategic risks and will be updated in line with its risk management policy, framework and supporting documentation.

6.2.2.3 Risk tolerance

Not all risk types for Council are the same in terms of their acceptability. Once a risk appetite has been set, it is useful to define tolerance levels for each category. Risk tolerance can be described as the boundaries of risk taking outside of which the organisation is not willing accept in order to achieve its objectives. While risk appetite is usually expressed in qualitative terms, tolerance is expressed quantitatively (i.e. a variance).

If the assessed risk level is outside of the risk appetite but within the tolerable level for that category of risk then treatment will be required. If it is equal to, or below, the tolerable level for that category of risk then the risk may be accepted (provided the controls are implemented).

6.2.3 Risk Evaluation

Risk Evaluation is the process used to assist in making decisions, based on the outcomes of risk analysis, about which risks need treatment and the priority for implementation of controls. Decisions should take account of the wider context of the risk and include consideration of the risks borne by other parties. There are also circumstances whereby, despite the risk level, risks cannot be prevented or reduced and the focus will instead be on recovery and resilience.

When a risk has been identified or reassessed, the following table provides guidance on the action to be taken for each risk rating level:

Risk level	Managing risk – priority rating
Extreme	Add risk to Risk Register Escalate risk issue immediately to CEO CEO to: • Refer risk to risk owner • Identify and develop treatment strategies for immediate action • Monitor and review actions/strategies • Provide direction and information to relevant stakeholders • Inform the next meeting of the Council or Finance & Risk Audit Committee of the risk issue, the actions taken to mitigate the risk and the outcome (or current status) • Consider cessation/suspension of the activity giving rise to the risk until such time as CEO/ Executive Management Team authorises its continuation and/or whilst other risk treatment strategies are being developed/implemented For WHS related risks, the following applies: • Operation of item or activity shall not be allowed to continue until the risk level has been reduced • Will commonly be an unacceptable level of risk • May include both short and long term control measures
High	Add risk to Risk Register Escalate risk issue to member of Executive Management Team to: • Refer to relevant risk owner • Identify and develop treatment strategies with appropriate timeframes • Monitor and review actions/strategies to manage risk to an acceptable

Risk level	Managing risk – priority rating
	level • Provide direction and information to relevant stakeholders • Inform the next meeting of the Finance and Risk Audit Committee or ExecutiveTeam (as relevant) of the risk issue, the actions taken to mitigate the risk and the outcome (or current status) For WHS related risks, the following applies: • Reduce the risk rating so far as is reasonably practicable • Should only be an acceptable level of risk for 'Major' or 'Catastrophic' consequences
Moderate	Add risk to Risk Register Escalate risk to Department Manager Department Manager to coordinate with relevant work group to: • Identify and develop treatment strategies with appropriate timeframes • Monitor and review actions/strategies to manage risk to an acceptable level For WHS related risks, the following applies: • Reduce the risk rating so far as is reasonably practicable. • May be an acceptable level of risk
Low	Add to Risk Register Undertake localised risk management and actions (if required) Review within the department parameters and routine procedures For WHS related risks, the following applies: • Reduce the risk rating so far as is reasonably practicable. • Commonly is an acceptable level of risk

6.3 Risk Treatment

Risk treatment can be conducted using a variety of methods. When looking at negative risks, treatments are aimed at reducing or removing the potential for consequences occurring. However when looking at positive risks (opportunities), treatments look at ensuring that consequences are realised.

Risk treatment involves selecting one or more options for modifying the likelihood and/or consequence of risks, and implementing those options. Once implemented, treatments provide or modify the controls. An action should be implemented to treat certain risks.

Justification for risk treatment is broader than solely economic considerations and should take into account all of Council's obligations, voluntary commitments and stakeholder expectations. Appropriate risk treatment options should have regard to the organisation's objectives, risk appetite, risk criteria and available resources.

6.3.1 Risk treatment priorities

Recognising that not all risks can, or should, be managed, Council has determined that it will prioritise treatment of risks in the following order:

a) Strategic risks that exceed risk appetite

b) Strategic risks that exceed risk tolerance

c) Operational risks that are rated Extreme or High

d) Operational risks that are rated either Moderate or High that exceed risk appetite.

The CEO may make exceptions to this prioritisation where there is an immediate or foreseeable risk to the health or safety of any person.

6.3.2 Risk treatment options

Risk treatment options are not necessarily mutually exclusive or appropriate in all circumstances. Options for negative risks may include:

Eliminate	Remove an asset or discontinue an activity or service completely so as to eliminate the risk altogether
Share	Allocate risk to a third party, such as through appropriate contactor management (noting however that S272 of the WHS Act voids any agreement or contract that purports to transfer any duty owed under the Act.)
Mitigate	Implement a type of treatment control to reduce or remove the risk. This may include but is not limited to options such as substitution (swapping), isolation (barricade), engineering (modify by design) or administration (policy/process)
Accept	Risk can be accepted for a number of reasons including: – no extra treatments being available; – meets the stated target risk appetite for the type of risk; – informed decision has been made about that risk; and – the cost of risk treatment significantly outweighs the potential risk exposure.

For positive risks, options may include:

Exploit	Implement strategies to capitalise on the likelihood of the risk eventuating and ensure that the organisation is able to respond quickly to the opportunities as they arise
Share	Partnering with another organisation that is able to add skills or value not currently available within Council
Enhance	Influence the factors that will improve the likelihood of the opportunity arising
Accept	Maintain status quo by informed decision

In selecting any risk treatment, consideration must be given to new risks that may arise from implementing it and the processes outlined in this framework applied to those new risks.

6.3.3 Control characteristics

Risk treatments need to be designed in a manner to ensure they are sufficient to mitigate that risk, and have some of the following characteristics if they are to become an adequate control:

a) Documented (e.g. Policies, Procedures, task lists, checklists)

b) Systems-oriented (e.g. integrated and/or automated)

c) Preventative (e.g. system controls) or detective

d) Consistent and regular (including during staff absence)

e) Performed by competent and trained individuals

f) Clear responsibility and accountability

g) Create value (e.g. benefits outweigh costs)

h) Achievable for the organisation (based on available resources)

i) Evidenced (e.g. documented or electronic audit trail)

j) Confirmed independently

6.3.4 Preparing and implementing risk treatment plans

Risk treatment plans specify how the risk treatment options will be implemented, so that those involved understand what arrangements are in place and to allow progress against the plan to be monitored. Risk treatment plans are documented within the Risk Register and project management plans and provide the following information:

a) Rationale for selection of treatment options;

b) Responsibilities and accountability for approving and implementing the plan;

c) Proposed actions and timeframes;

d) Resourcing requirements;

e) Constraints and contingencies; and

f) Required reporting and monitoring.

6.4 Monitoring and Review

6.4.1 Review of risks and controls

Monitoring and review involves regular checking or surveillance of the effectiveness and efficiency of the risk management processes implemented.

A monitoring and review process will:

a) Ensure that implemented controls are effective and adequate;

b) Provide further information to improve risk assessments and treatment plans;

c) Allow for the identification of emerging risks;

d) Identify any new factors that may influence established strategies to mitigate risks.

It is essential to monitor all activities and processes in order to capture new or emerging risks arising from the changing environment (both internal and external) and the activities undertaken by Council's employees, contractors and volunteers.

Monitoring and review guidelines and timeframes are captured in the Risk Reporting structure, (see section 7.)

6.4.2 Project risks

Due to the dynamic nature of most projects, a risk may change over the project lifecycle, triggering the need for reassessment. The monitoring and scheduled review process allows for both validation of risks to ensure that they remain relevant and adaptation of project plans as necessary.

Any changes in risks throughout the project and following completion should be recorded and used for future project planning.

7 Recording and reporting

7.1 General

The risk management process and its outcomes will be documented and reported, in order to:

a) Communicate risk management activities and outcomes;

b) Provide information for decision making;

c) Provide opportunities for continuous improvement;

d) Assist interaction with stakeholders, including those with responsibility and accountability for risk management activities.

Records will be managed and retained in accordance with State Records General Disposal Schedule for Local Government.

7.2 Risk Register

The DCSB risk register will enable the organisation to document, manage, monitor and review strategic, operational and project risk information in order to build a risk profile and provide direction on how to improve risk management processes. The DCSB risk register can be used to monitor whether, using the approach outlined in this framework, the risk management process is resulting in an increasing trend towards potential for success and less risk with negative consequences.

7.2.1 Strategic risks

Strategic level risks are identified by the Executive Team and the Council as part of an annual review at a minimum and will be recorded in the DCSB risk register. Any risks identified at the strategic level may be reflected in other corporate documents e.g. Strategic Plan, Annual Business Plan and Asset Management Plans and mitigated through actions detailed within these documents; however should still be collated in the risk register for ease of monitoring and review.

Recording and reporting of strategic level risks is the responsibility of the General Manager of Business via Executive Management Team and Finance and Risk Audit Committee.

7.2.2 Operational risks

Operational risks will be recorded in the DCSB risk register, and be reviewed at least bi-annually (6 monthly) by Executive Team. Recording operational risks in the DCSB risk register and reporting of implementation and effectiveness of controls is the responsibility of Department Manager and workers.

7.2.3 Project risks

Project level risks may be identified by the project management team at any time prior to, and during, the project management cycle and are initially recorded in the project management meeting minutes and consolidated in the DCSB risk register. Recording and reporting of project risks rest with the Project Owner.

7.3 Risk reporting

7.3.1 Purpose

Risk based reports will draw data from the DCSB risk register and provide monitoring and profile information to the Council via the Finance and Risk Audit Committee and Leadership Team to assist with:

a) Understanding Council's risk exposure;

b) Identifying risks that require increased attention and action;

c) Providing relevant information to the Council about risks likely to impact upon achievement of strategic objectives;

d) Dissemination of information to workers at all levels to support them in making risk informed decisions;

e) Reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and

f) Improving the risk culture and awareness throughout the organisation.

7.3.2 Content

Risk reporting will include:

Report content	Reported to	Frequency
Council and Committee reports to include discussion of potential risks, and treatments (with the exception of	Council and Committee members	All Council and Committee meetings

Report content	Reported to	Frequency
routine administrative matters)		
Review and update of the DCSB risk register by Department Managers ~~Leadership Team~~	Executive Management Team	Bi-monthly to Executive ManagementTeam, (or as otherwise required, e.g. organisational structure change/ process change/ new project)
Report by CEO on extreme and high strategic and/or operational risks, including actions taken to mitigate the risk and outcomes or current status	Finance and Risk Audit Committee	Each meeting (if required)
Report of strategic risks (to verify that current risks are controlled within Council's risk appetite and tolerances and that there are strategies to address or monitor any emerging risks that have been identified)	Finance and Risk Audit Committee	Biannual
Report on effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks	Finance and Risk Audit Committee	Annual
Report by CEO in relation to policies and processes adopted to evaluate and improve the effectiveness of internal financial control and procedures	Finance and Risk Committee	Annual
Report by CEO or person primarily responsible for internal audit function on the responsiveness of the organisation to recommendations for improvement based on previous audits and risk assessments	Finance and Risk Committee	Quarterly
Risk profiling-evaluation outcomes and risk maturity modelling progress/ summary report	Executive Management Team Finance and Risk Audit Committee - summary	2 times per year Annual

8 Training

8.1 Workers

The Risk Management Policy and Framework, together with supporting tools will be made available to all workers through the SkyTrust document module

Risk management is an overarching skill that sits across all functions and, as such, Council considers it to be a necessary competency that workers need in order to perform their day to day activities

effectively. Risk Management awareness training will be provided to workers and will take into consideration the worker's role and level of past risk management experience and knowledge.

Risk management awareness training is captured on the training needs analysis (TNA), to ensure the effective implementation of this Framework.

8.2 Council Members

Council members are key strategic decision makers and it is therefore imperative that they have an understanding of Council's Risk Management Policy and Framework and their role in informed planning and decision making, based on sound risk management principles.

Risk management awareness training will be scheduled within 12 months of Local Government elections.

8.3 Finance and Risk Audit Committee

Finance and Risk Audit Committee members should, at a minimum, have an understanding of their roles and responsibilities as outlined in Council's Risk Management Policy and Framework, including the monitoring and review of reports and outcomes from management reviews and external audits.

9 Review of Risk Management Framework

This risk management framework and processes will be scheduled for review within 3 years from endorsement.

10 Document History

Document History	DCSB Version No:	Issue Date:	Description of Change	Date Endorsed	Review Date
LGAMLS V3.0 issued May 2018	1.0	July 2018	New Document	19 July 2018	2019
LGAMLS V3.1 issued 24/07/2018	1.1	Oct 2019	Updated risk categories in 6.3.1; Updated consequence & likelihood table and risk matrix in line with the WHS One System Hazard Management Procedure for consistency; included example consequence table for project risks & table of detailed risk areas in appendix	21 Nov 2019	Nov 2021
LGAMLS V4.0 June 2020	No council update		Updated logo, Updated as per scheduled review and reflects the AS ISO 31000:2018, Updated consequence table in appendix, included example risk tolerance statements and risk priorities.		
LGAMLS V4.1 June 2020	No council update		Included updated control information, minor formatting		

Document History	DCSB Version No:	Issue Date:	Description of Change	Date Endorsed	Review Date
LGAMLS V5.0 Issued September 2021	2.0	June 2022	New Document. Addition of drafting notes & common language; Updated relevant legislation & related documents; Remove duplications; Council/board responsibilities aligned with SA HB 436.1:2020; Added reference to internal controls audit at 5.2.25; Updated risk categories; Amendments to appetite and tolerance sections at 6.2.2; move risk treatment prioritisation to 6.3; include treatment options for positive risk; update control effectiveness table at 6.4.3; appendix A - deleted definitions not used elsewhere in document or already defined within document; Appendix B – update project risk consequence table; Appendix E – addition of communicable disease to detailed risk areas	September 2022	May 2024
LGAMLS V5.1		September 2022	Alignment of principles with AS ISO 3100:2018; addition of positive consequences, replace, “catastrophic” with “significant”		
LGAMLS V5.2	3.0	January 2024	Incorporation of LG Act amendments (s99, s125, S126, s126A)	November 2024	November 2026

This policy will be available for inspection at the Council offices listed below during ordinary business hours and available to be downloaded, free of charge, from Council’s internet site: www.streakbay.sa.gov.au

District Council of Streaky Bay

29 Alfred Tce, Streaky Bay SA 5680

Copies will be provided to interested parties upon request. Email dcstreaky@streakybay.sa.gov.au

11 Appendices

Appendix A: Definitions

Assurance	A process that provides a level of confidence that objectives will be achieved within an acceptable level of risk
Consequence	The outcome of an event expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.
Control	An action that modifies risks and increases the likelihood that objectives and goals of an organisation will be achieved.
Enterprise Risk Management	The process that is applied in strategy setting and decision making throughout the organisation to identify, evaluate and manage potential risks that are likely to impact on achievement of objectives, set risk appetite and tolerance and manage risk within those parameters, and to provide reasonable assurance regarding the achievement of the organisation's objectives.
Event	Occurrence of a particular set of circumstances.
Exposure/Rating	The risk exposure (also referred to as risk rating) is a qualitative value of the sum of the consequence of an event multiplied by the likelihood of that event occurring.
External Context	External environment in which the organisation seeks to achieve its objectives.
Frequency	A measure of the rate of occurrence of an event expressed as the number of occurrences of their event in a given time.
Internal Audit	An independent, objective assurance activity that uses a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
Internal Context	Internal environment in which the organisation seeks to achieve its objectives.
Likelihood	Chance of something happening.
Monitor	To check, supervise, observe critically or record the progress of an activity, action or system on a regular basis in order to identify change.
Reasonable assurance	The concept that enterprise risk management, no matter how well designed and operated, cannot guarantee that an entity’s objectives will be met. This is because of inherent limitations in all Risk Management Frameworks.
Risk Analysis	A systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.
Risk Appetite	Is the amount of risk an organisation is prepared to accept in pursuit of its objectives.
Risk Assessment	An overall process of risk identification, risk analysis and risk evaluation.
Risk Culture	Risk culture refers to the behaviours that lead to how every person thinks about and manages risks.
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 Management	Coordinated activities to direct and control an organisation with regard

	to risk.
Risk Management Framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk Owner	Staff member with the accountability and authority to manage a risk.
Risk Tolerance	The acceptable variation in outcomes related to specific performance measures linked to objectives the organisation seeks to achieve.
Risk	The effect of uncertainty on objectives.
Stakeholder	Person or organisation that can affect, be affected by, or perceive themselves to be affected by, a decision or activity.

Appendix B: Consequence Tables

Qualitative Measures of Consequence (excluding Project Risks)

Rank	People	Financial/ Infrastructure	Service Delivery	Reputation	Environmental/ Cultural site disturbance	Legal/ Regulatory/ Policy
Insignificant	No or minor injuries not requiring first aid treatment, or near miss Annual staff turnover of <10%	Financial – low financial loss <$10,000 impact on operating result Minor failure of infrastructure – no inconvenience to stakeholders	Insignificant interruption to a service – no impact to customers/business	Little community interest, low profile, no media items	Minor instance of environmental (e.g. soil, vegetation, coastal) damage. Can be reversed immediately. Minimal (but discernible) disruption to Aboriginal site. Minimal spill or litter able to be removed immediately.	No noticeable statutory or regulatory impact Fines < $10,000

Rank	People	Financial/ Infrastructure	Service Delivery	Reputation	Environmental/ Cultural site disturbance	Legal/ Regulatory/ Policy
Minor	First aid treatment. Negligible impact on morale. Annual staff turnover of <20%	Financial – medium financial loss >$10,000 and <$500,000 Minor failure that cannot be rectified immediately – minor inconvenience to stakeholders.	Minor interruption to a service with minimal impact to customers/business	Low impact, some passing interest, low media profile.	Minor impact to environment (e.g. on-site chemical release, spill or sand/soil movement that can be immediately contained). Can be reversed in the short term. Minor disruption to Aboriginal site. Litter able to be removed in a short time frame (e.g. same day)	Minor/temporary non-compliance with statutory requirements. Fines less than $250,000 for the organisation.

Rank	People	Financial/ Infrastructure	Service Delivery	Reputation	Environmental/ Cultural site disturbance	Legal/ Regulatory/ Policy
Moderate	Medical attention required. Short term effect on morale and business. Annual staff turnover of >20% of entire workforce or 30% of a work group. Loss of member of Executive Management Team. Loss of up to 4 Council members more than 12 months out from LG Elections.	Financial – high financial loss >$500 ,000 and <$1,000,000 Significant failure of infrastructure that will require work-arounds - moderate inconvenience to stakeholders.	Moderate interruption to service delivery. Customer impact up to 48 hrs. Partial BCP action may be needed.	Moderate impact, moderate public interest, public embarrassment, moderate media profile.	Moderate impact to environment. Localised damage or chemical release that has potential to spread but can be contained or reversed with intensive efforts or outside assistance. Noticeable disruption to Aboriginal site. Litter removal requires outside assistance (e.g. contractor or government agency).	Short-term non-compliance with moderate statutory requirements. Fines < $50,000 for an individual or < $500,000 for the organisation.

Rank	People	Financial/ Infrastructure	Service Delivery	Reputation	Environmental/ Cultural site disturbance	Legal/ Regulatory/ Policy
Major	Extensive injuries - serious long term injury. Temporary disablement. Annual staff turnover of 30% - <75%. Significant impact on morale and business. Loss of 2 members of Leadership Team. Temporary loss of 6 or more Council Members.	Financial – major financial loss >$1,000,000 and <$2,000,000 Major failure of infrastructure that severely limits functionality – significant inconvenience to stakeholders.	Major interruption to service delivery or production capability, customer impact > 7 days. Component of BCP action may be needed.	Sustained public interest, high negative media profile, Premier/Cabinet publicly involved, third party action.	Off-site chemical release, severe loss of environmental amenity or danger of continuing environmental damage. Significant disruption to Aboriginal site(s).	Significant non-compliance with essential statutory requirements. Fines <$300,000 for an individual or < $1,500,000 for the organisation.
Catastrophic	Death. Long term effect on morale and performance of business. Annual staff turnover of > 75%. Loss of entire/majority of Leadership Team Permanent loss of 6 or more Council Members.	Financial – huge/ catastrophic financial loss/exposure >$2,000,000 Total failure of infrastructure.	Major interruption to delivery of all or most services for more than 14 days. Full BCP action required.	Widespread public agitation, Government censure, high multiple impacts, widespread negative media profile.	Toxic off-site chemical release with detrimental effect, major loss of environmental amenity or irrecoverable environmental damage. Irreversible disruption to Aboriginal site.	Long term or indefinite non-compliance with essential statutory requirements and may result in criminal charges. Fines > $300,000 for an individual or > $1,500,000 for the organisation.

Consequence Table for Project Risks

Rank	Cost	Schedule	Performance	Reputation	Safety
Insignificant	< 2.5% of total Project Budget.	< 2.5% of total Project Schedule.	Would cause the delivered capability to be functionally fit for all desired missions or tasks, but there may be some qualification to the level to which it would perform non-critical elements of the mission or task. Few such qualifications would exist.	Little community interest, low profile, no media items.	Minor injuries not requiring first aid treatment, or near miss.
Minor	2.5-10% of total Project Budget.	2.5-10% of total Project Schedule.	Would cause the delivered capability to be functionally fit for all desired missions or tasks, but there would be some qualification to the level to which it would perform non-critical elements of the mission or task. Several such qualifications would exist.	Low impact, some passing interest, low media profile.	Minor medical attention. Negligible impact on morale.
Moderate	10-14% of total Project Budget.	10-14% of total Project Schedule.	Would cause the delivered capability to be partly functionally fit for purpose (e.g. degraded ability to perform all desired missions or tasks; however, there are known workarounds). There would be some qualification to the level to which it would perform (e.g. due to issues of relationships, concurrency, etc.). Several such qualifications would exist.	Moderate impact, moderate public interest, public embarrassment, moderate media profile.	Medical attention required. Short term effect on morale and project outcome.

Rank	Cost	Schedule	Performance	Reputation	Safety
Major	15-19% of total Project Budget.	15-19% of total Project Schedule.	Would cause the delivered capability to be only partly functionally fit for purpose (e.g. degraded ability to perform some core missions or essential tasks or unable to perform non-core missions or tasks, and there are no known workarounds).	Sustained public interest, high negative media profile, Premier/Cabinet publicly involved, third party action.	Serious long term injury. Temporary disablement. Significant impact on morale and project outcome.
Catastrophic	>20% of total Project Budget.	>20% of total Project Schedule.	Would cause the delivered capability to be functionally unfit for its intended purpose (e.g. unable to perform core missions or essential tasks).	Widespread public agitation, Government censure, high multiple impacts, widespread negative media profile.	Death. Long term effect on morale and project outcome.

Appendix C: Likelihood Table

Likelihood	Explanation – Operations	Explanation – Projects/ Business Case	Probablility
Certain to occur	It is **expected to occur** in most circumstances, immediately or within a short period – at least once a year.	Could be expected to occur more than once during the study or project delivery.	Expected to occur in most circumstances.
Very likely	**Will probably occur** in most circumstances – around 1 – 5 years.	Could easily be incurred and has generally occurred in similar studies or projects.	Probably will occur.
Possible	**Might occur at some time -** within a 5 - 10 year period.	Incurred in a minority of similar studies or projects.	Moderate probability of an incident.
Unlikely	**Could occur at some time -** in a 10 – 20 year time frame.	Known to happen, but only rarely.	Low probability of an incident.
Rare	**May occur only in exceptional circumstances**. Could be incurred in a greater than 20 year timeframe.	Has not occurred in similar studies or projects. Conceivable but in extreme circumstances.	Extremely low probability. Will only occur in exceptional circumstances.

Appendix D: Risk matrix

Likelihood \ Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Certain to occur	High	High	Extreme	Extreme	Extreme
Very likely	Medium	High	High	Extreme	Extreme
Possible	Low	Medium	High	Extreme	Extreme
Unlikely	Low	Low	Medium	High	Extreme
Rare	Low	Low	Medium	High	High

Appendix E: Detailed Risk Areas

OPERATIONAL RISKS	
Aerodromes	
Animal Management	Dog and cat management, control of feral/pest animals.
Caravan Parks / RV Facilities	
Cemeteries/Crematoria	
Child Care	
Coastal & Inland Waterways	Includes: Beachfront, Boat Ramps; Jetties.
Community Development	
Land & Buildings/Assets	Includes: Building Safety; Hire of Facilities; Leasing Arrangements.
Emergency Management	Includes BCP, workplace emergencies, community emergencies.
Event Management & Volunteers	Includes events organised by District Council of Streaky Bay and third party events on Council land
Financial Management	Borrowings and other financial arrangements, debtors, creditors, rates and other revenue.
Fire	
Governance & Human Resources	Includes: special committees; (Council/Board) members, Includes Employee recruitment and retention.
Health – Communicable disease/Pandemic	Including pandemic.
Health - Inspections	Food and other health inspections (proactive and reactive).
Health - Provision of clinical services	e.g. Immunisation.
Information Technology & Records Management	Including IT infrastructure, cyber security and data protection.
Leases, Licences, Permits	
Library Services	Including home library, mobile library etc.
Planning & Development	Includes: Planning Development and Infrastructure Act, issues arising from past development approvals, certification and inspections.
Procurement, Contracts, Tenders	Also covers contract/contractor management.
Rail Interfaces	Includes: agreements, risk assessments.
Regulatory	Includes: parking enforcement and fire prevention.
Roads & Footpaths & Stormwater & Tree Management	Roads and footpath management and stormwater management and tree management
Smart Technology	Includes: drones; driverless vehicles; CCTV; electric vehicle charging stations.

OPERATIONAL RISKS	
Sport/Recreation/Leisure Playgrounds/Outdoor Gym Equipment	Includes leisure facilities/services; recreational reserves - sport and non-sport. & playgrounds. (includes nature play)
Swimming Pools	Does not include jetty pools or swimming enclosures – refer coastal and inland waterways.
Tourism & Economic Development	Tourism - visitor centre, information bays.
Waste Management	Includes: rubbish collection, recycling and waste transfer stations.
Water Management	Includes: CWMS, drainage, stormwater management and recycled water.