`Risk Management Framework

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Banyule
City Council

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Risk Management Framework

Banyule City Council ("**Council**") strives to be a green, sustainable, and vibrant place for a healthy, connected, and inclusive community. Whilst the sector faces challenges, Council works to make the most of the opportunities the future holds whilst taking appropriate account of the potential events that could impact our ability to achieve our objectives.

Council is committed to taking an integrated, common-sense approach to risk management with a view to achieving our strategic objectives. Council's overall aim is to embed a culture of risk management throughout the organisation, both at a corporate level and within operational and service delivery areas.

Council has in place this Risk Management Framework ("**Framework**") which demonstrates our approach to the identification, analysis, management, scrutiny, and reporting of risk to support the delivery of our strategic objectives.

Purpose

This Framework outlines Council's approach to managing risk throughout the organisation. The Framework aims to:

- Support effective decision making.
- Ensure a consistent and effective approach to risk management while allowing for innovation and development.
- Foster and encourage a risk-aware culture where risk management is seen as a tool to support decision-making rather than a corrective measure.
- Enable the provision of greater assurance to stakeholders that risks have been identified and that appropriate steps have been taken to manage risk to an appropriate level.

This Framework is integrated with Council's management systems and processes, planning, performance reporting, training, and key business decisions to implement an Enterprise Risk Management approach.

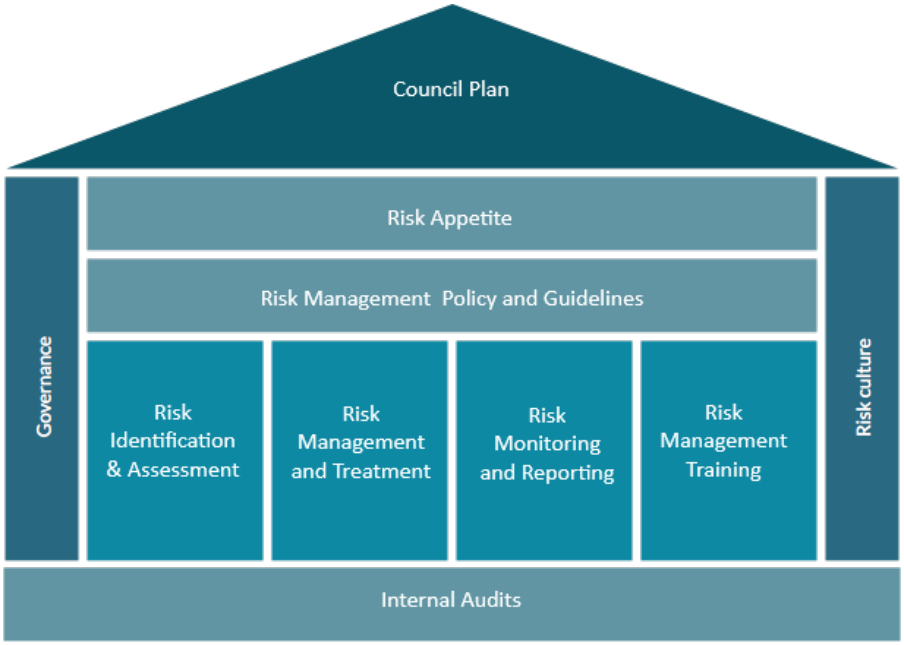


Fig 1. Council's Risk Management Framework

Definitions

Risk

Risk is defined by the ISO31000 as “the effect of uncertainty on objectives” - potential events that can have a positive or negative effect on our ability to achieve our strategic objectives and priorities. From an operational perspective, Council defines Risk as a*n event or incident that, if it occurs, will have an impact on Council’s objectives.*

Risk is measured as a combination of the likelihood of a perceived threat or opportunity occurring and the magnitude of its consequence on objectives. Council recognises that risk may have positive or negative outcomes and therefore may relate to opportunity, loss or simply the presence of uncertainty.

Risk Appetite

Risk Appetite is the level of risk that an organisation is willing to accept or retain to achieve its objectives. It is a statement or series of statements that describes an organisation’s attitude towards risk taking.

Council has an agreed set of risk appetite statements that address key risk areas and specific business operations. Each risk appetite statement provides guidance on the nature and extent of risk the group is prepared to take. These statements are outlined in this Framework.

Risk Management Principles

The main principle of risk management is that it delivers value to Council by aiding effective decision making. Council’s Risk Management Policy describes the principles that underpin our approach to risk management. These principles and outcomes are outlined below:



Fig. 4: Council’s risk management principles and outcomes

Risk Management Methodology

Council has aligned our risk management methodology to the ISO31000 (2018) risk management guidelines, particularly in relation to the ongoing process of assessing, treating, recording, and reporting risk. Council’s risk management strategy aligns with our mission, vision, and values by linking back to our strategic objectives. The risk management process (see *fig. 5*)) at Council is a set of iterative steps that are undertaken in a considered and coordinated manner.

Fig. 5: Council's Risk Management Process



Organisational Context

Local Government is complex and multi-faceted. To equip ourselves to deliver the range of services and infrastructure for the diverse communities we represent, Council continuously examines the internal and external context in which we are operating.

This activity is strengthened by commitment from the Council and Executive to deliver a customised risk management process that enables effective risk assessment, scrutiny of Council's environment and the application of appropriate risk treatments.

Risk activity at Council is aligned to our Strategic goals and supports us in our pursuit of these. It is a dynamic and iterative process that adapts with the organisation to drive informed decision making and seize opportunities.

Risk Culture

Council aims to cultivate a risk culture that enables and rewards individuals and groups for effectively considering its risks and taking decisions in an informed manner. This is underpinned by the following components:

Leadership: A distinct and consistent tone from the Council and senior management in respect of risk-taking and consideration.

Involvement: Appropriate risk-taking behaviours are rewarded and encouraged with sufficient diversity of perspectives, values, and beliefs to ensure the status quo is consistently and rigorously challenged.

Learning: Risk Management skills and knowledge are valued, encouraged, and developed, with a properly resourced risk management function.

Accountability: A common acceptance of the importance of the continuous management of risk, including clear accountability for and ownership of specific risks and controls.

Communication: Alignment of risk culture with colleague engagement and the overarching people strategy. No process or activity too large, complex, or obscure for the risks to be readily understood.

Risk Language

Everyone in Council has a role in applying an effective risk management process and common language is needed. This Framework sets out the common risk terminology adopted by Council.

Traditional Risk Management vs. Enterprise Risk Management

Traditional Risk Management (TRM) is a risk management strategy that is decentralised, reactive and is primarily concerned with losses/deficits generated by risk and often managed to reduce the likelihood of the re-occurrence of a risk that has already eventuated.

In a traditional risk management environment, risk is managed through a decentralised process. This generally means that each team or department identifies and manages their own risks (see *fig. 2*). Although this may mean that risk management can be targeted to each specific business area, when aggregated at an organisational level, it can mean that risk management is inconsistent, contradictory, and inefficient. This is particularly applicable for shared risks across the organisation – namely, those associated with occupational health and safety, project delivery, business continuity, and more.

For example, each department may record a risk relating to a worker releasing corporate/confidential information without authorisation. From there, each department (through a 'Risk Owner') will have their own means to manage the risk – despite the risk being shared across the organisation. Having varying approaches to manage the risk is not only inefficient but can be contradictory and inconsistent.



Fig. 2: Example of Traditional Risk Management

In contrast, **Enterprise Risk Management (ERM)** is a centralised risk management strategy that manages risk from the perspective of the entire organisation (see *Fig. 3*). The objective of ERM is to develop a holistic, top-down, portfolio view of the most significant risks to the achievement of an organisation's strategic objectives.

An effective starting point of an ERM process begins with gaining an understanding of Council's values, priorities, and strategic objectives. From there, ERM encourages a proactive approach for key stakeholders to identify, assess, and manage all types of risks that might impact Council's success.

This includes reviewing:

- Whether the risk would be limited to a particular area of the organisation or whether it is spread across departments/directorates
- The speed at which the risk would impact the various functions of the organisation, alongside how long the organisation would be impacted, should the risk eventuate.

Unlike TRM, which tends to focus on risk avoidance, ERM examines all potential risks and identifies which ones are worth taking, therefore focusing more on opportunity alongside pure risk.

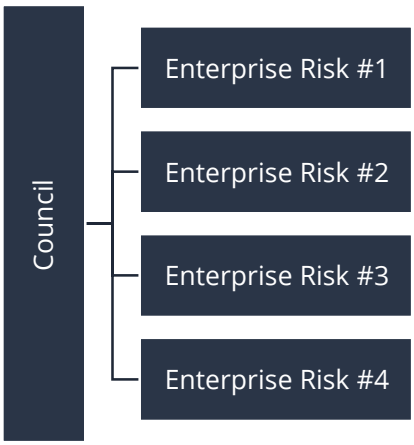


Fig. 3: Example of Enterprise Risk Management

At Council, we use an Enterprise Risk Management for the identification, assessment, management, monitoring of our risks.

Risk Registers

Council's risk registers are a snapshot of the risk management activities taking place across the organisation. They are a tool that assist in recording the risk appetite, defining risk management context, and providing the basis for management decisions through risk oversight and reporting.

Council considers risk in three distinct categories:



Strategic

Strategic Risks are those risks external to Council that, if they occurred, may require a change in strategic direction. Unlike Enterprise Risk (described below), Council has little to no control in relation to the risk materialising and therefore must keep abreast of any changes to the context in which it is operating.

Council's Strategic risk register is reviewed by the Audit and Risk Committee (**ARC**) and the Executive Management Team (**EMT**) and approved by Council.

Enterprise

Enterprise Risks are those events that, if they occur, will have an impact on Council's objectives. Enterprise Risks are expressed as Parent Risks and Child Risks:

Project

Project risks are considered as part of any key project, as defined by the organisation, or new business proposal. The management of these risks will initially be managed by the project team and will be reported to the SMT as required.

Project risks are measured differently from Strategic and Enterprise Risks. Whilst they relate to an overarching Enterprise Risk, the risks themselves refer in granularity to those events that will result in the final product not achieving its desired outcome.

Parent Risks

Parent Risks are the "headline risk" that provides the summary of the more detailed child risks below. The risk level of the parent risk is derived from the highest risk level of the child risk/s below it.

Council currently has ten parent risks, which are:

Risk Area	Risk Description
Parent Risk 1	**Unauthorised release of/amendment to/use of and/or loss of corporate/confidential information.**
Parent Risk 2	**Incorrect, incomplete, or untimely information provided to a stakeholder.**
Parent Risk 3	**Disruption to critical business function for a period in excess of specified Maximum Acceptable Outage (MAO).**
Parent Risk 4	**Fraudulent/corrupt behaviour by a member of staff, elected official and/or 3rd party.**
Parent Risk 5	**Incident occurs that threatens the health, safety and/or wellbeing of staff.**
Parent Risk 6	**Incident occurs that threatens the health, safety and/or welfare of the public.**
Parent Risk 7	**At fault/avoidable/contributory Incident occurs that threatens the environment.**

Parent Risk 8	**Council delivers a project/program that is not fit for purpose or of poor quality.**
Parent Risk 9	**At fault/avoidable/contributory incident occurs at Council operated leisure centre.**
Parent Risk 10	**Incident occurs at Council operated childcare centre.**

Child Risks

Child Risks are the specific risk events that can materialise under each parent risk (see *fig. 5*). The risk level for the child risks is determined utilising the likelihood/consequence matrix outlined in Council's Risk Management Framework.

Enterprise Risks are owned at the appropriate level of oversight and decision making for the organisation – generally a member of the EMT. They are reported to, and scrutinised by, the Assurance Committee, EMT and the ARC.

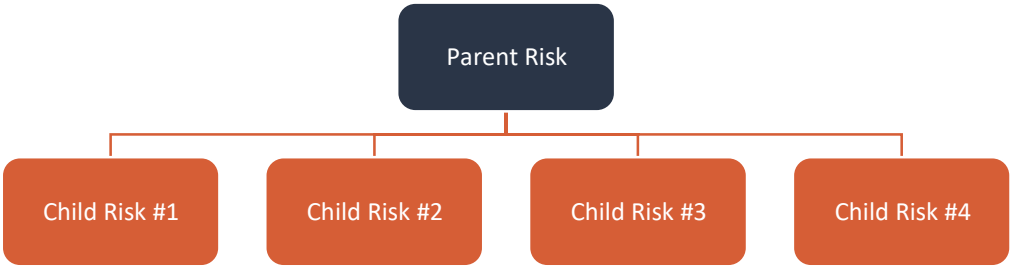


Fig. 5: Council's Parent and Child Risk Structure

Risk Appetite

Council defines risk appetite as "the amount of risks that Council is willing to seek or accept in the pursuit of our strategic objectives."

Statement

Council has agreed a set of risk appetite statements that address key risk areas and specific business operations. Each risk appetite statement provides guidance on the nature and extent of risk the group is prepared to take. Risk appetite is assessed in terms of "willingness to accept risk" and is defined as per:

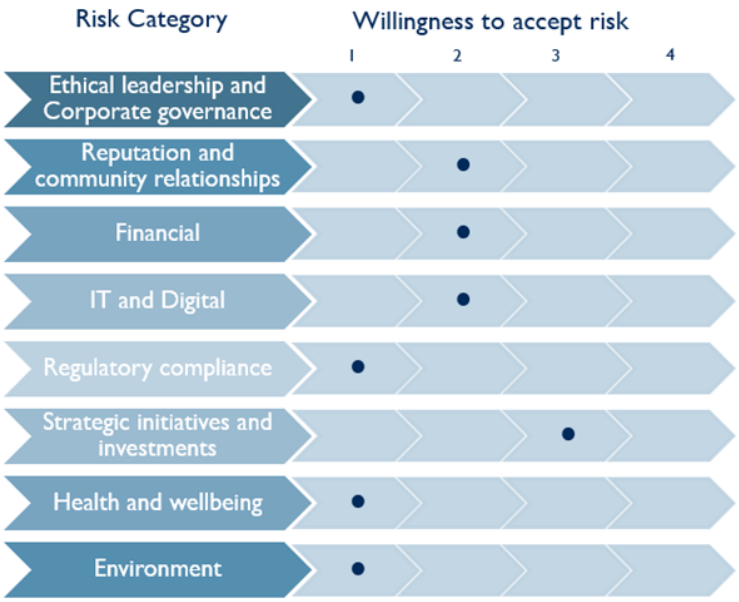
Assessment	Description
High risk appetite (4)	Council is willing to accept a large negative consequence to pursue our strategic objectives. Council will take a more aggressive approach to taking risk.
Moderate risk appetite (3)	Council is willing to accept some negative consequence in pursuit of our strategic objectives. Council will seek to take risk in key areas.
Modest risk appetite (2)	Council takes a measured approach to pursuit of strategic objectives against potential negative consequences. Council will take a balanced and informed approach to taking risk.
Low risk appetite (1)	Council is willing to accept a small negative consequence in pursuit of our strategic objectives. Council will take a cautious approach towards taking risk.

Table 1: Risk appetite statement descriptors

Principle Risks and Uncertainties

Council has identified eight principal risk categories, and each has been assigned a qualitative risk appetite statement supplemented by various principal risk metrics:

Ethical leadership and corporate governance: Ethical leadership is used to shape the code of conduct for



Council and the principles of corporate governance by which Council is directed and controlled. Council will not deviate from our ethical leadership and corporate governance arrangements in pursuit of our strategic objectives.

Reputation and community relationships: Local Government is a highly scrutinised sector and as such Council will accept only modest negative consequence on reputation with any of its key stakeholders, including minor negative media coverage. We do accept that some strategic projects outside of Council control may attract negative national media attention.

Financial: In the pursuit of our objectives, Council is willing to accept, in some circumstances, risks that may result in some financial loss or exposure. Council has a low appetite for irresponsible use of Council resources and unnecessary liabilities. Activities that could result in a consequence to our reportable financial parameters will only be undertaken in exceptional circumstances (outlined in this Framework).

IT and Digital transformation: Digital transformation changes are required to adapt to changes in regulatory environment and in the conduct of Council activities. Council expects the digital transformation changes to be aligned to its vision and objectives and has moderate appetite for excellence through technology. However, it is essential that Council's systems continue to operate efficiently and effectively therefore a modest approach is applied overall.

Regulatory Compliance: Council seeks to comply with relevant statutory requirements to the best of our endeavours. We will achieve this through strong institutional governance and management which will shape Council's culture for compliance and ethical conduct. We have a low-risk appetite for misconduct, fraud, harassment, or other non-compliance behaviour that undermines the integrity of Council. We have a low-risk appetite for compliance with external regulation which is informed using a risk-based approach.

Strategic initiatives and investments: To achieve its objectives, Council is willing to take or accept a moderate to high level of risk in pursuit of our strategic priorities. There is low willingness to accept risks which have no alignment with our strategic direction or tarnish Council's credibility, role in the community or our values. To achieve our environmental objectives to protect and preserve the environment, Council is willing to trial technologies and initiatives not typically adopted within the sector.

Health and wellbeing: Council has low appetite for safety risk exposure that could result in mental or physical injury or loss of life to public, contractors and/or employees. Due to the inherent nature of the work conducted by Council, it is not possible to eliminate exposure to injury/loss of life entirely.

Environment: Council has a strong interest in protecting and preserving the environment and therefore have a low-risk appetite for activities which will significantly degrade the environment. Council aims to lead the way in innovation that will protect and preserve the environment for future generations. This innovation, sometimes in technologies untested previously, is reflected in Council's appetite for "strategic initiatives and investments".

The Financial Risk Appetite

Banyule, like all councils, must report annually against a set of financial parameters as set by the Victorian Auditor General's Officer (VAGO). These parameters assist Council in setting the boundaries within which we are comfortable to operate to deliver our financial plan. VAGO provide a risk assessment criterion for financial sustainability criteria (see **Appendix B**). Council's aim is to be deemed by VAGO as at low risk of financial sustainability concerns. To achieve this, Council's appetite for each criterion is outlined below:

Indicator	Risk appetite
Underlying result	Low: More than zero *Generating surpluses consistently.* Measures Council's ability to generate surpluses in the ordinary course of business, excluding transactions that are not controlled by Council.
Liquidity	Low: More than 1.5 *No immediate issues with repaying short-term liabilities as they fall due.* Measures Council's ability to pay existing liabilities in the next 12 months.
Indebtedness	Low: 40% or less *No concern over the ability to repay debt from own-source revenue.* A comparison of Council's debt to its own-source revenue. This reflects Council's ability to repay debt with cash generated through operational activities.
Self-financing	Low: 20% or more *Generating enough cash from operations to fund assets.*

	Indicator that Council is generating sufficient income from its own operations to fund its capital investments.
Capital replacement	Medium: More than 1.0 -1.5 *May indicate spending on asset renewal is insufficient.* A long-term indicator to reflect whether Council is sufficiently maintaining its asset level to help deliver services to the community.
Renewal gap	Medium: 0.5 – 1.0 *May indicate insufficient spending on renewal of existing assets.* Council's average renewal gap should be above 1.0 to ensure we are investing money to renew and refresh existing assets at a similar or higher rate than they are depreciating. Individual years can fall below 1 if it is offset by an increased renewal expenditure in other years.

Enterprise Risk Appetite

Council's risk appetite for Enterprise risk will inform the ongoing risk consideration and management process. Taking into consideration the appetite statements provided within this Framework, Council's approach to determining the action(s) and treatment(s) for Enterprise risks utilises a combination of the consequence level of the risk and the likelihood of it materialising, as follows:

Consequence Level	Risk Appetite (Based on Control Effectiveness)					Authority to accept risk above appetite
Severe	Rare	Unlikely	Possible	Likely	Almost Certain	EMT
Major	Rare	Unlikely	Possible	Likely	Almost Certain	EMT
Moderate	Rare	Unlikely	Possible	Likely	Almost Certain	Risk Owner
Minor	Rare	Unlikely	Possible	Likely	Almost Certain	Risk Owner
Insignificant	Rare	Unlikely	Possible	Likely	Almost Certain	Risk Owner

Risk Management Process

Scope, Context, and Criteria

As part of our ongoing consideration of risk, the first step in the process is consistently revisited through the ongoing scrutiny undertaken by the organisation. As the operational context of Council changes (either internally through strategy revisions or externally through regulatory changes), our risk management activity will adapt.

Risk Assessment

Risk is assessed based on the best available information. Council conducts risk assessment systematically, iteratively, and collaboratively, drawing on the knowledge and views of key stakeholders across the organisation.

Risk Identification

The purpose of risk identification is to find, recognise and describe risks that might help or prevent Council from achieving our strategic objectives. At Council, risks are identified whether they are caused by factors within our control, this is to ensure that appropriate consideration is given to potential outcomes.

Risk Analysis

The purpose of risk analysis is to comprehend the type of risk and its characteristics to determine the level of risk faced by Council.

Risk Level

Enterprise Risk level is determined utilising a combination of the following two elements:

Consequence

Consequence provides an understanding to the Executive in relation to what risks, if they materialised, would have the greatest consequence on Council.

Historically at Council (and across all sectors), this has been the role of the "inherent risk assessment." With inherent being removed from the risk management standard (ISO31000) and no longer playing a role in the consideration of risk, consequence is essential to assist Council in understanding the potential consequence of each risk on the organisation. This enables appropriate and proportionate management focus and action.

Council's consequence categories, which form the assessment of every risk in Council's Enterprise risk profile, are:

1. Reputational
2. Financial
3. Compliance/Regulatory
4. Health and Safety

It is essential that Council accurately determines the most realistic consequences for each risk to assist in the prioritisation of the controls that must be in place to reduce the likelihood of the event materialising.

Council's consequence matrix (below) outlines the pre-determined definitions for consequence (insignificant through to severe) in relation to Council. It is specific to Council and is reviewed periodically so that the ever-evolving operational context of Council continues to be reflected in its Risk Management approach.

	Insignificant	Minor	Moderate	Major	Severe
Reputation	Less than 10% of media stories are negative for a period of up to 7 days. Exit surveys show a dissatisfaction rate within the organisation of <5%;	10-20% of media stories are negative for a period of up to 7 days. Exit surveys show a 5-15% dissatisfaction rate within the organisation;	20-50% of media stories are negative for a period of up to 7 days. Exit surveys show a 15-30% dissatisfaction rate within the organisation	Greater than 50% of media stories are negative for a period of up to 30 days. Exit surveys show a 30-50% dissatisfaction rate within the organisation.	Greater than 50% of media stories are negative for a period of 30 days or more. Exit surveys show a dissatisfaction rate within the organisation of >50%,
Financial	A financial impact to Council less than $10,000	A financial impact to Council between $10,001-500,000	A financial impact to Council between $500,001 – $1m	A financial impact to Council between $1m – $2m	A financial impact to Council greater than $2m
Compliance/ Regulatory	Judgement where the total cost of legal action, fines and remediation of the issue is less than $10k. Receipt of observations/ recommendations from Regulator	Judgement where the fine imposed is less than 10% of that can be issued. Conditions applied to accreditation. Receipt of improvement notice	Judgement where the fine imposed is 10-50% of that can be issued. Multiple conditions placed on accreditation. Forced shut down of function/resource requirement for period less than MAO	Judgement where the fine imposed is 50% or more that can be issued. Temporary suspension of accreditation. Forced shut down of business function/resource for period approaching MAO	Judgement where the fine imposed is the maximum that can be issued by the Regulator. Appointment of administrator. Loss of accreditation. Forced shut down of business function/resource for period more than MAO
Health and Safety	Injuries or illness to personnel under the control of Council requiring no more than first aid treatment at the scene	Injuries or illness to personnel under the control of Council requiring medical attention with no long-term effects	Injury or illness to personnel under the control of Council where their injuries will impact them for a period of six months or more where Council is found to be primarily responsible	Permanent disability of personnel under the control of Council where Council is found to be primarily responsible **and/or** Hospitalisation of multiple personnel under the control of Council where their injuries will impact them for a period of six months or more where Council is found to be primarily responsible	Death and/or multiple permanent disability of personnel under the control of Council where Council is found to be primarily responsible

Likelihood

Council's methodology for determining likelihood of its Enterprise Risks is entirely determined through the effectiveness of the control environment:

Likelihood	Descriptor
Almost Certain	Less than 10% of the critical controls associated with the risk are rated as either effective or mostly effective. Without control improvement, it is almost certain that the risk will eventuate.
Likely	10-30% of the critical controls associated with the risk are rated as either effective or mostly effective. Without control improvement, it is more likely that not that the risk will eventuate.
Possible	30-70% of the critical controls associated with the risk are rated as either effective or mostly effective and, if there is no improvement the risk may eventuate.
Unlikely	70 – 90% of the critical controls associated with the risk are rated as either effective or mostly effective. The strength of this control environment means that it is more than likely that the risk eventuating would be caused by external factors not known to Council.
Rare	90% or more of the critical controls associated with the risk are rated as either effective or mostly effective. The strength of this control environment means that, if this risk eventuates, it is most likely because of external circumstances outside of the control of Council.

This approach provides key stakeholders with full visibility of Council's risk exposure through understanding the controls that are critical to the effective management of each risk. This enables the use of Council's risk profile to aid effective decision making.

Control Effectiveness

There is a direct correlation between the effectiveness of controls and Council's exposure to risk. To have a truly holistic performance framework, our control environment must be continually assessed for effectiveness rather than assuming effectiveness. A control summary proforma is provided in Appendix C of this framework to assist risk and control owners in assessing controls for effectiveness.

Control Categorisation

Control categorisation is derived from two things:

1. The consequence of the risk; and
2. The criticality of the control.

When determining the criticality of a control, Council adopts the following description relative to the risk:

Criticality	Descriptor
5	The control is critical to the management and reduction of the risk. If this control is ineffective or partially effective, the likelihood and/or consequence of the risk will increase significantly (i.e., increases likelihood or consequence by three or more levels).
4	The control is very important to the management and reduction of the risk. If this control is ineffective or partially effective, the likelihood and/or consequence of the risk will increase (i.e., increases likelihood or consequence by two levels).
3	The control is important to the management and reduction of the risk. If this control is ineffective or partially effective, the likelihood and/or consequence of the risk will increase (i.e., increases likelihood or consequence by one level).
2	The control has some consequence on the management and reduction of the risk. Depending on the criticality of the other controls, an analysis should be undertaken to determine the necessity of this control.
1	The control has little to no consequence on the management and reduction of the risk. It is unlikely this control is required.

Effectiveness Measures

To be able to determine if a control is effective in both design and implementation, performance measures need to be identified for each control.

Whilst the performance measures for each control will be determined individually (as with any key performance indicator), effectiveness is defined as per:

Effective	The control is always fully effective and will significantly reduce the likelihood and/or consequence of the risk.
Mostly effective	The control does have effect in terms of reducing the likelihood and or consequence of the risk with further maturity required.
Partially effective	The control will have some effect in terms of reducing the likelihood and or consequence of the risk.
Not effective	Not effective at all in mitigating the risk (will not have any effect in terms of reducing the likelihood and/or consequence of the risk.
Not yet assessed	The effectiveness of the control is yet to be assessed.

By determining and quantifying control effectiveness, the likelihood of a risk materialising is better able to be quantified (see section 5.1.4.1) and actions associated with controls better applied and measured.

Control Type

All Controls can be categorised into the following types:

Control type	Description
Preventative	Controls designed to prevent incidents from occurring.
Detective	Controls designed to alert when incidents occur.
Corrective	Controls that lessen the consequence when adverse incidents occur.

Risk Evaluation

The purpose of risk evaluation is to support decision making. Risk evaluation involves comparing the results of the risk analysis with the established risk criteria to determine where additional action is required. This can lead to a decision to:

- Do nothing further.
- Consider risk treatment options.
- Undertake further analysis.
- Maintain existing controls.
- Reconsider objectives.

Once determined, the combination of likelihood and consequence assists to determine which risks require detailed response plans and management focus:

Table 2: Council's Risk Matrix

		Consequence				
		1 - Insignificant	2 - Minor	3 - Moderate	4 - Major	5 - Severe
Likelihood	A - Almost Certain	Medium	High	High	Extreme	Extreme
	B - Likely	Low	Medium	High	High	Extreme
	C - Possible	Low	Medium	Medium	High	High
	D - Unlikely	Low	Low	Medium	Medium	High
	E - Rare	Low	Low	Low	Medium	Medium

The below details the minimum action required for each risk level as it has been assessed in its current state:

Risk Level (Current)	Minimum Action Required

Low	Ongoing implementation/management of controls required to maintain low level of risk
Medium	Ongoing management of controls required to maintain medium level of risk
High	Management Attention Required. Options for additional controls and/or action plan to strengthen existing controls required to reduce the level of risk.
Extreme	Senior management attention required. Options for additional controls and/or action plan to strengthen existing controls must be put in place and progress reported formally.

Risk Treatment

The purpose of risk treatment is to select and implement the response to address risk to achieve its target profile. Selecting the most appropriate risk treatment option(s) involves balancing the potential benefits derived in relation to the achievement of the objectives against costs, effort, or disadvantages of implementation.
When seeking to establish the target level of risk, the concept adopted by Council is to reduce the risk to the level that is 'as low as reasonably practicable.' It is not necessary to manage risk to the point where it is eliminated, but to the point where the cost of additional controls would exceed the benefits.

Risk Lifecycle

To ensure that risk management at Council remains dynamic, iterative, and responsive to change, ongoing monitoring and review of the risk management process and its outcomes is a planned part of the risk management process. Council considers risk both formally and informally.
Informal risk consideration is driven by the Risk Management Function through periodic meetings with risk owners, although it should be noted that it is the responsibility of all risk owners to apply to their day-to-day activity and decision making.
Formal risk consideration takes place at structured meetings and is the methodology by which Council articulates our application of risk management within formal discussion and decision making.

Risk Management Architecture

Structure of Risk Oversight

To comply with these requirements, Council implements a mixture of Groups and Committees with a formal requirement to consider risk. These Groups and Committees form the corporate governance structure of Council with accountability for overseeing risk..

Reporting

Council's risk management process and outcomes are documented and reported through the appropriate mechanisms:

Risk Profile	Reporting Group	Review timescale
Strategic Risk	EMT	Quarterly
	ARC	Bi-yearly
	Council	Bi-yearly
Enterprise Risk	Assurance Committee	Quarterly
	EMT	Quarterly
	ARC	Quarterly
Project Risk	Project team	Ad Hoc
	SMT	Ad Hoc

The purpose of ongoing reporting, monitoring, and reviewing is to support the improvement of the quality and effectiveness of the risk management process. It aims to:

- Communicate risk management activities and outcomes across Council.
- Provide oversight on the effectiveness of the Control Environment for each risk; and
- Inform risk treatment decisions.

Reporting is an integral part of Council's corporate governance arrangements and enhances the quality of dialogue with internal and external stakeholders and supports senior and executive management in meeting their responsibilities.

Council's risk appetite is considered when determining the nature and extent of the key control mechanisms in place and the level of assurance required.

Roles and Responsibilities

Whilst it is the responsibility of the Council and Executive Management to ensure that risk management is integrated into all organisational activities, it is the responsibility of all operational employees to ensure that risk is considered and communicated as part of day-to-day operations. Risk is managed in every part of Council's structure.

Specific roles and responsibilities of Council's structure is provided in detail:

Council

- Approve the Risk Management Policy and note the Framework.
- Be satisfied that risks are managed appropriately.
- Appoint the Audit & Risk Committee
- Identify the principal risks facing Council.
- Assess risks against the business model and strategy.
- Ensure Risk culture is embedded throughout the organization.
- Keep under review the risk profile of Council.
- Oversee measures to manage or mitigate key risks.
- Undertake ongoing monitoring and review of risk management.
- Communicate necessary risk information to and from Council.

Audit and Risk Committee

- Oversee the Framework and review the mechanisms in place to comply.
- Make recommendations to the Council on the effectiveness of risk management activity.
- Monitor risk systems and processes via Council's risk profile and consider the profile when developing Council's Internal Audit programme.
- Assess the effectiveness of Council's risk management activity.
- Communicate necessary risk information to and from Council.

Executive Management Team

- Determine the strategic approach to risk.
- Determine the enterprise approach to risk.
- Drive the risk culture for the organisation, including the provision of executive leadership in the management of strategic, enterprise and project risk.
- Oversee and monitor the Enterprise and Strategic risk registers.
- Communicate necessary risk information to and from ARC and Council.

Assurance Committee

- Scrutinise the effectiveness of the existing control environment
- Undertake assurance activities to determine Council's exposure to those risks with Major or Severe consequences
- Undertake horizon scanning to examine potential opportunities and challenges; and
- Consider and take decisions based on the context in which Council is operating.

Senior Management Team

- Drive the risk culture for the organisation, including the provision of executive leadership in the management of strategic, enterprise and project risk.
- Oversee and monitor the strategic and enterprise risk registers.
- Understand the most significant risks and consider the implications of poor decisions.
- Make recommendations to the Audit and Risk Committee on the escalation and de-escalation of strategic risks.
- Communicate necessary risk information to and from Council and ARC
- Endorse the Risk Management Policy for approval by Council.

Risk Management Function

- Lead the development, implementation, and review of the Risk Management Policy, Framework, and general risk management practice within Council.
- Ensure Council has the appropriate culture, capability, processes, and systems to deliver on its Policy and Framework.
- Keep up to date with developments in specialist areas.
- Compile risk information and prepare detailed reports for consideration by the SMT, EMT, Assurance Committee, ARC and Council.

Management

- Champion risk management and appropriate risk management practice by employees, volunteers, contractors, and service providers within departments.

Risk Owner

- Periodically monitor and update risk to reflect the most up to date information.
- Assess and decide on risk treatment.
- Undertake ongoing monitoring and review of control activity.
- Provide evidence of the effectiveness of owned controls when required.

Employees

- Apply risk management practices within their area of operation and ensuring management are aware of exposures associated with council's operations.

- Recommend or provide suitable plans to manage risks.

Internal Audit

- Review management of key risks
- Evaluate the reporting of key risks.
- Evaluate risk management processes.
- Provide assurance that risks are correctly evaluated.
- Provide assurance on the risk management processes.

Assurance

An objective of risk management is not to remove risk altogether, but to manage the risk to an acceptable level. To ensure appropriate responsibility is allocated for the management, reporting and escalation of risk, Council operates an assurance model based on Governance, Risk and Compliance.
This approach is based on the separation of functions: Senior and Executive Management is responsible for overseeing governance within Council, Specialist risk functions (overseen by the Assurance Committee) are responsible for overseeing risk management activities and assurance on adequate compliance is provided by Internal and External Audit.

Training

Council's internal risk management function will provide training on Council's risk management framework and approach. Training will be mandatory for those colleagues in the Banyule Leadership Network and any other relevant employee. The training will be open to all council colleagues with a view to upskilling on risk management.

12-Month Work Plan

To assist in furthering risk maturity, a 12-month rolling work plan has been developed to track progress on the embedding of risk management activity at Council. This plan, provided in Appendix B of this document, includes KPIs and measures of success to assist Council in assessing risk performance and maturity.

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Appendix B	12 Month work plan
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Appendix A: VAGO Financial sustainability risk assessment criteria

Risk	Net result	Adjusted underlying result	Liquidity	Internal financing	Indebtedness	Capital replacement	Renewal gap
High	**Less than negative 10%** Insufficient revenue is being generated to fund operations and asset renewal.	>**Less than 0%** Insufficient surplus being generated to fund operations.	**Less than 0.75** Immediate sustainability issues with insufficient current assets to cover liabilities.	**Less than 75%** Limited cash generated from operations to fund new assets and asset renewal.	**More than 60%** Potentially long-term concern over ability to repay debt levels from own-source revenue.	**Less than 1.0** Spending on capital works has not kept pace with consumption of assets.	**Less than 0.5** Spending on existing assets has not kept pace with consumption of these assets.
Medium	**Negative 10%–0%** A risk of long-term run down to cash reserves and inability to fund asset renewals.	**0%–5%** Surplus being generated to fund operations.	**0.75–1.0** Need for caution with cash flow, as issues could arise with meeting obligations as they fall due.	**75–100%** May not be generating sufficient cash from operations to fund new assets.	**40–60%** Some concern over the ability to repay debt from own-source revenue.	**1.0–1.5** May indicate spending on asset renewal is insufficient.	**0.5–1.0** May indicate insufficient spending on renewal of existing assets.
Low	**More than 0%** Generating surpluses consistently.	**More than 5%** Generating strong surpluses to fund operations.	**More than 1.0** No immediate issues with repaying short-term liabilities as they fall due.	**More than 100%** Generating enough cash from operations to fund new assets.	**40% or less** No concern over the ability to repay debt from own-source revenue.	**More than 1.5** Low risk of insufficient spending on asset renewal.	**More than 1.0** Low risk of insufficient spending on asset base.

Appendix B: 12 Month Work Plan

Ref	Objective	KPI Measure and target	Accountability
1	The Strategic Risk Profile is critically reviewed annually	100% of risk reviews conducted	Risk & Assurance EMT/ARC
2	The Risk Management framework is reviewed annually	100% review conducted	Risk & Assurance/EMT/ARC
3	The Enterprise Risk reports are to be provided to ARC every quarter	100% of reports provided to the appropriate committees within specified timeframes	Risk & Assurance/EMT
4	The Strategic Risk reports are to be provided to Council every 6 months	100% of reports provided to the appropriate committees within specified timeframes	Risk & Assurance/EMT
5	The existing key controls for strategic risks to be maintained, as far as possible, as effective, with evidence to support the assessment.	100% of controls reviewed	Risk Owner/EMT
6	The Enterprise risk profile is reviewed quarterly, and key controls scrutinised for effectiveness	100% quarterly risk reviews conducted.	EMT/ARC
7	The existing controls for the risks with Severe or Major consequences are to be maintained, as far as possible, as effective/mostly, with evidence to support the assessment.	90% of controls for Severe/Major risks are effective or mostly effective, with evidence to support the assessment.	Risk Owner/Control Owner

Appendix C: Control Summary Proforma

Step One: Risk Assessment Cover Page

Risk Assessment Cover Page	Review	
Name of Activity	**Review conducted by**	
Brief Description of Activity	***Position title***	
Location of Activity	**Date of review**	
Risk Assessment Conducted by	**Approval**	
Position Title	*Risk Assessment approved by*	
Date completed	**Supervisor Name**	
	Position title	
	Date	

Please complete the Risk Assessment on sheet 2 (Step Two) of this workbook. Please refer to document ref "Guide to completing Task Risk Assessment"
For assistance in completing this document, please contact the Risk & Assurance Team

Step Two: Task Risk Assessment

Task /work to be undertaken	Causes / Outcomes	Type of Control measures in place (incl. document reference)	Effectiveness of contols	Likelihood (considering control	Consequence	Current Risk level	Action	Responsible Person	Due Date	Progress
	Worker struck by falling object									
	Child left in childcare centre after closing									
	Member of staff receives benefits to which they are not entitled									
	Other (Editable - add in your own response)									
	Other (Editable - add in your own response)									

Step Three:

Refer Table 2: Council's Risk Matrix in Risk Management Framework

Step Four: List of Risks: Choose from the following common causes approved by Risk & Assurance and the Assurance Committee

Note: The last line of each cause is editable. Please contact Risk & Assurance if a common cause has not been identified.

IT/Records	Improper access to and/or release of personal information relating to staff
	Improper access to and/or release of personal information relating to customers
	Improper access to and/or release of corporate confidential information and/or data
	Unauthorised amendment to Council records and/or data
	Unavailability/loss of Council records and/or data
	Reportable OHS incident not reported or reported outside of specified timeframes
Incorrect information	Reportable incident not reported to DHHS
	Child safe incident not reported or reported outside of specified timeframes
	Incorrect, incomplete, or false information provided to external bodies (accreditation/auditing/funding etc.) or provided outside of specified timeframes
	Discovery of systemic/historical issuing of incorrect rates notices to residents
	Council makes an "incorrect" determination in relation to an application
	Staff member makes statements and/or posts on-line information that is in error, incomplete and/or prejudicial
	Elected member makes statements and/or posts on-line information that is in error, incomplete and/or prejudicial
	Inaccurate, incomplete, untimely or conflicting information provided to stakeholders/community during an emergency situation
	Fraudulent/corrupt behaviour by a member of staff involved in procurement activities (up until the point of contract)
Fraud	Fraudulent/corrupt behaviour by a member of staff involved in management of contracts/service agreements
	Fraudulent/corrupt behaviour by a member of staff involved in accounts payable. receivable and/or payroll
	Theft or inappropriate disposal of Council assets by staff member
	Member of staff receives benefits to which they are not entitled
	Contractor/SLA supplier paid for services not delivered or of poor quality
	Theft of Council equipment/supplies by 3rd party/s
	Unauthorised expenditure from reserve accounts
	Member of council staff accept benefits for approvals
	Fraudulent/corrupt behaviour by elected official (e.g. accepting benefits for approvals, inappropriate/illegal use of Council resources, undue influence on staff)
	Unauthorised personal use of Council equipment/vehicles/assets by a member of staff
	Unauthorised entry into Council-run facility by a 3rd party
	Theft of client property by a member of staff and/or contractor
	Fraudulent/corrupt behaviour by a member of staff involved in allocation of grant funding
	Grant recipient utilises grant funding for purposes outside of the scope of the grant agreement
	Assault of a member of staff by a member of the public whilst conducting operations

Staff Safety	Worker falls from height
	Worker contacts or is contacted by live electrical source
	Rollover of plant during operations
	Member of staff contacted by plant/equipment whilst in motion
	Member of staff struck by moving vehicle/missile thrown from vehicle whilst conducting roadside operations
	Unplanned/unintended fall into body of water whilst conducting operations
	Trench/confined space collapse during operations
	Worker exposed to toxic/hazardous substance whilst conducting operations
	Worker exposed to unbonded/friable asbestos whilst conducting operations
	Worker bitten and/or stung whilst conducting operations
	Worker exposed to the elements for an inappropriate length of time whilst conducting Council operations
	Worker involved in a vehicle accident whilst conducting Council operations
	Worker lifts weight or undertakes manual activity that exceeds the limit of their biomechanical capacity
	At fault worker slip, trip or fall in the workplace or Council property or facility
	Worker exposed to short or long-term noise, above legislated/recommended levels during Council operations
	Worker suffers bullying, harassment and/or discrimination (BHD) within Council
	Loss of containment of energy under pressure whilst conducting operations (includes: tire exploding whilst being inflated, burst of hydraulic line, penetration of gas line .etc.)
	At fault/avoidable contact with underground services whilst conducting operations
	Worker struck by falling object
	Worker's skin pierced by used/unsterilised sharp implement/needle
	Council fails to respond appropriately and/or provide suitable assistance to worker exposed to short term or long-term psychologically harmful events/environment/s
	Systemic incorrect payment of wages/entitlements to staff discovered within Banyule
	Inappropriate response by Council to an identified incident/issue (e.g. BHD, discovery of fraud, whistle-blower complaint, safety related issue. Etc.)
	Worker exposed to infectious disease/pathogen (e.g. COVID-19) whilst conducting Council operations
	Worker falls from vehicle whilst in motion
	Incident occurs whilst worker working alone
	Loss of containment of energy under pressure at waste management facility (e.g. crushing of gas bottle)
	Inappropriate response to an emergency situation within Council facility/ies (e.g. fire, active shooter, bomb-threat)

	At fault trip, slip or fall at/in/on Council owned and operated facilities
Public Safety	At fault trip, slip or fall at/in/on Council owned and operated infrastructure (e.g. footpaths)
	Contaminated food consumed at a Council run facility
	At fault/avoidable/contributory incident occurs at Council run/sponsored community event
	Member of the public exposed to infectious disease/pathogen (e.g. COVID-19/Legionnaires) within Council facility
	At fault/avoidable/contributory incident at a Council approved 3rd party run event
	At fault accident involving Council vehicle/plant (including items falling from Council operated vehicles as well as "missiles" from plant/equipment)
	Member of the public exposed to unbonded/friable asbestos whilst in Council facilities
	Member of the public contacts or is contacted by a live electrical source at a Council owned/operated facility
	Inappropriate/culturally insensitive behaviour by a Council staff member/volunteer at a Council operated facility and/or event or within a program provided by Council (e.g. meals on wheels/in-home care)
	At fault/avoidable/contributory collapse/structural failure of Council approved installations - permanent or temporary (e.g. art pieces/signage)
	At fault/avoidable/contributory collapse/structural failure of Council facilities/amenities used by the public (e.g. recreational halls)
	At fault/avoidable/contributory collapse/structural failure of Council facilities leased to 3rd parties
	Object belonging to, or for which Council is responsible (e.g. tree branch) falls from height as a result of Council operations, activities, and/or failure to act upon reported hazards
	Medication incident during administration of vaccines
	Incident occurs involving a vulnerable person under the care/supervision of Council staff
	Inappropriate/culturally insensitive behaviour by an elected member at a Council event
	At fault ignition of a bushfire during, or as a result of, Council operations that is not contained
Environment	At fault/preventable overflow of storm water
	Loss of containment of toxic/hazardous substance from stored location or whilst being transported
	At fault ignition of flammable/explosive material being stored or transported
	Items of environmental/cultural/Indigenous significance impacted/destroyed during, or as a result of, Council operations
	Council introduces, releases, or fails to prevent the spread of exotic/noxious flora, fauna or disease
	At fault/contributory fire at waste management facility
	Council delivers a construction that is not fit for purpose or of poor quality

Project	Council delivers an IT project that is not fit for purpose or of poor quality
	Council delivers a new equipment and/or equipment replacement project that is unsafe or not fit for purpose
	Council delivers a community project/program that is not fit for purpose or of poor quality
	Inappropriate/delayed response to a member of the public who gets into difficulty in the pool
Leisure	Members of the public exposed to water borne infection/disease (e.g. cryptosporidium)
	Inappropriate behaviour towards a patron of the leisure centre by a 3rd party (e.g swimming coach/swim teacher)
	Inappropriate or untimely response to inappropriate behaviour towards a patron by 3rd party (including other patrons)
	Child kidnapped from childcare centre
Child Care	Child leaves the childcare centre unaccompanied
	Child released into custody of person not on the authorised list
	Inappropriate behaviour towards a child by a member of staff or visitor
	Heavy item falls on a child from height (e.g. bookcase, television, tree branch etc.)
	Child falls from heights
	Fire in the childcare centre during opening hours
	Structural failure of outdoor playground equipment
	Child left in childcare centre after closing
	Child ingests poisonous substance (including medication)
	Child exposed to dangerous foreign objects (e.g. broken glass/syringes etc.) in playground
	Contaminated food consumed by children in the child care centre
	Child exposed to an allergen within the child care centre
	Add in your own Risk (editable)