1. POLICY STATEMENT
The Council recognises the importance and value of risk management and the ongoing benefits of such a philosophy to its community.

The Council’s approach to risk management is not only about identifying potential risks and being prepared should these events occur. It is also about identifying and evaluating threats and opportunities that present themselves from time to time. Risk management is an integral part of the continuous improvement process embraced by the Council.

2. PRINCIPLES
The Council is committed to effective risk management in order to:
• maximise the opportunities to achieve its vision
• focus policies and actions on achieving strategic objectives
3. THE OBJECTIVES OF THE POLICY ARE TO ENSURE:

A Strategic Risk Management Framework is to be developed and implemented by the Administration within the context of the strategic directions set by the Council.

(a) The purpose of this Framework is the development and maintenance of an organisational ethos and operating culture which achieve the integration of systematic risk management processes into all management activities at all levels.

(b) The objectives of the Framework are to include:

- achieving the Council’s goals and delivering programs and services within a **tolerable** level of risk;
- aligning risk management with the overall organisational strategies; and
- ensuring that all employees understand and fully accept their responsibilities in risk identification and control.
CITY OF UNLEY

A Strategic Risk Management Framework

This framework should be read in conjunction with the Risk Management Policy and the Risk Register

Updated July 2007
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• Chief Executive Officer 2
• Executive Team 2
• General Managers 2
• Business Unit/Team Leaders 3
• All staff 3

Risk Management Standard 3

ATTACHMENTS

A. Risk Management Process (#1)
B. Risk Management Process (#2)
C. Risk Definition and Classification  
D. Key Risks
E. Risk Profile
Strategic Risk Management Framework

Risk – What is it?

A risk may be defined as any threat that has the potential to mitigate against the achievement of the Council meeting its business objectives.

It is the exposure to such things as economic or financial loss, physical damage, injury or delay as a result of pursuing or not pursuing a particular course of action. In simple terms it has two elements:

- The likelihood of something occurring, and
- The consequences if it does occur.

The level of risk is a product of the likelihood of something occurring and the consequence if it does.

Risk Management – What are the benefits?

Risk management is the systematic approach to managing Council’s risk exposures to achieve its objectives in a manner consistent with public interest, human safety, environmental factors and the law. It does so through the process of identification, analysis, evaluation, treatment and monitoring of risks.

Risk management is an essential element of corporate governance, needed to balance risk and reward – threat and opportunity – strategy and operations.

In simple terms, effective risk management will provide:

- A more rigorous basis for strategic and project planning as a result of a structured consideration of the key elements of risk,
- No costly surprises – because risks are identified as early as possible,
- Better outcomes in terms of program effectiveness and efficiency, eg improved client services and/or better use of resources (people, funds and equipment),
- Greater openness and transparency in decision making and ongoing management processes, and
- A better preparedness for and facilitation of positive outcomes from subsequent internal/external review and audit processes.

When should it be used?

The simple answer is “all the time” as all decisions involve the management of risk. Risks are not only an integral part of life; they are an important aspect of managing a business.

In particular each program and key activity should have a formal risk review to establish a baseline of risk and from which to analyse the level of controls. From then on periodical reviews (with frequency depending on the level of inherent risk) or when a change to equipment, practices, the environment or legislation occurs.
Key Responsibilities as they relate to Risk Management are:

**Council**
Council will:
- Develop and maintain the strategic direction of the organisation.
- Adopt a Risk Management Policy and Framework.
- Ensure that funding is made available to adequately manage the risks identified in Council's Risk Register.

**Audit Committee**
The Audit Committee will:
- Recommend to Council the Risk Management Policy and Framework
- **Review** the risk profile of the organisation and **prioritise** high level risks so they are suitably **controlled and** treated
- Ensure that the risk register is maintained and refreshed at suitable intervals
- Participate in risk identification and analysis workshops from time to time.

**Chief Executive Officer**
The Chief Executive Officer will:
- Provide a safe and healthy work environment, in accordance with the Occupational Health Safety and Welfare Act. Including that Council meets its “duty of care” to all staff and the general public and protects its assets and operations.
- **Implement** the Risk Management Policy and Framework across the organisation.
- Lead Senior Management in the development of Council's Business Continuity recovery program.
- Assist Council in the development and maintenance of the Council's Strategic Management Plans.
- Promote Risk Management as a vital business principle.
- Ensure resources are allocated in such a way that key risks can be reasonably managed.

**Executive Team**
Executive Team will:
- Monitor the implementation of the Risk Management Policy and Framework.
- Approve or modify all entries in Council's Risk Register including treatment plans where necessary based on risk profile.
- Assist Council in the development and maintenance of the Council's Strategic Management Plans.

**General Managers**
Individual General Managers will:
- Provide a safe and healthy work environment, in accordance with the Occupational Health Safety and Welfare Act.
- Ensure that proposed events and projects within their jurisdiction are not approved without a formal risk assessment that effectively identifies and manages risks associated with them.
- Monitor and evaluate the application of risk management principles within their department.
• Monitor all risks entered into Council’s Risk Register, which fall within their jurisdiction.
• Advise of any risk issues within their jurisdiction that should be formally assessed.

**Business Unit / Team Leaders**

Individual Business Unit / Team Leaders will:
• Provide a safe and healthy work environment, in accordance with the Occupational Health Safety and Welfare Act.
• Monitor and evaluate the application of risk management principles within their area of responsibility.
• Contribute to the development of Council’s Business Continuity recovery program, as needed.

**All Staff**

All staff members are to:
• Understand and observe the Risk Management Policy, Strategy and related procedures.
• Contribute to the management of risks within their area of operation.
• Make risk management and loss control/prevention a priority whilst undertaking daily tasks in Council’s operations.
• Perform their duties in a manner which does not represent an unacceptable level of risk to the health and safety of:
  o Themselves.
  o Other employees.
  o Council’s customers or visitors.
  o Contractors.
  o The wider community.
• Report any risks identified in daily tasks to their manager or supervisor in a timely manner.

**Risk Management Standard (AS/NZS 4360)**

The Australian/New Zealand Risk Management Standard (AS/NZS 4360) is the basis for Council’s risk management processes. A copy of the Risk Management Process from the Standard is included in: Attachment A. A tailored guide to defining and classifying risks in terms of consequence and likelihood based on the Standard is also included in Attachment B. It includes 3 tables:
B1 Areas and Measures of Consequence
B2 Measures of likelihood
B3 Unley Risk Analysis Matrix

**Measuring and Monitoring our Risk Profile and Achievements**

It is important that a monitoring and reporting process occur which provide regular reports to the Executive Team and Audit Committee on the Risk Profile of the City.

This is achieved with regular reporting I accord with the Attachment C. Risk Reporting Program.
City of Unley
Risk Management Framework

ATTACHMENTS

A. Risk Management Process

B. Table B1. Measures of Consequence or Impact
   Table B2. Measures of Likelihood
   Table B3. Risk Analysis Matrix – Level of Risk

C. Risk Register

D. Risk Action Plan

E. Resource List
Risk Management Process

The risk management process is essentially a 4 step process with ongoing consultation and communication, regular monitoring and review.
## RISK DEFINITION AND CLASSIFICATION

**Table B1. Measures of Consequence or Impact**

Where a risk has implications across a number of areas of impact, the highest rating should be used to determine the overall level of risk. However each identified risk should be assessed from a mitigation / action plan perspective.

<table>
<thead>
<tr>
<th>RATING</th>
<th>AREA OF CONSEQUENCE / IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Political/Social/Environmental</td>
</tr>
<tr>
<td><strong>1</strong></td>
<td><strong>Insignificant</strong></td>
</tr>
<tr>
<td><strong>2</strong></td>
<td><strong>Minor</strong></td>
</tr>
<tr>
<td><strong>3</strong></td>
<td><strong>Moderate</strong></td>
</tr>
<tr>
<td><strong>4</strong></td>
<td><strong>Major</strong></td>
</tr>
<tr>
<td><strong>5</strong></td>
<td><strong>Critical</strong></td>
</tr>
</tbody>
</table>
### Table B2. Measures of Likelihood

<table>
<thead>
<tr>
<th>Level</th>
<th>Descriptor</th>
<th>Example detail description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Almost certain</td>
<td>Is expected to occur in most circumstances (i.e. Risk Occurrence &lt; 1 year)</td>
</tr>
<tr>
<td>B</td>
<td>Likely</td>
<td>Will probably occur in most circumstances (i.e. Risk Occurrence between 1 and 2 years)</td>
</tr>
<tr>
<td>C</td>
<td>Possible</td>
<td>Might occur at some time (i.e. Risk Occurrence between 2 and 5 years)</td>
</tr>
<tr>
<td>D</td>
<td>Unlikely</td>
<td>Could occur at some time (i.e. Risk Occurrence between 5 and 20 years)</td>
</tr>
<tr>
<td>E</td>
<td>Rare</td>
<td>May occur only in exceptional circumstances (i.e. Risk Occurrence &gt; 20 years)</td>
</tr>
</tbody>
</table>

### Table B3. Risk Analysis Matrix – Level of Risk

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Consequences</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Insignificant 1</td>
</tr>
<tr>
<td><strong>A (Almost Certain)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>B (Likely)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>C (Moderate)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>D (Unlikely)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>E (Rare)</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Legend**

- **E** Extreme risk; immediate action required
- **H** High risk; senior management attention needed
- **M** Moderate risk; management responsibility must be specified
- **L** Low risk; manage by routine procedures
## ATTACHMENT C

### Risk Register

<table>
<thead>
<tr>
<th>Risk Ref (#)</th>
<th>Risk Issue</th>
<th>Impact Category (Table B1)</th>
<th>Current/Actual</th>
<th>Proposed (If current Residual Risk is unacceptable)</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Existing Controls</td>
<td>Mitigation (Controls/Treatments)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Likelihood</td>
<td>Consequence</td>
<td>Residual Risk</td>
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</tbody>
</table>

- **Existing Controls**
  - What current controls are in place?
- **Mitigation (Controls/Treatments)**
  - What will be put in place to reduce risk?
## Risk Action Plan

<table>
<thead>
<tr>
<th>Item</th>
<th>Risk Ref</th>
</tr>
</thead>
</table>

### Risk Description:

*Summary – Risk and recommended response*

### Action Plan

1. **Proposed Actions**

2. **Resource requirements**

3. **Responsibilities**

4. **Timing**

5. **Reporting and monitoring required**

**Compiler** ☐ ☐ **Date** ☐ ☐ **Reviewer** ☐ ☐ **Date** ☐ ☐
Resource List


- Guidelines for Managing Risk in the Australian Public Service – Commonwealth of Australia

- Introduction to Emergency Risk Management – Emergency Management Australia

- HB 142-1999 – A basic introduction to risk management. Standard Australia


- HB 158-2004 - A guide to the use of AS/NZS 4360, Risk Management within the internal audit process. Standard Australia