AGENDA

GOVERNANCE COMMITTEE MEETING

12 March 2024

LIVERPOOL CITY COUNCIL

LIVERPOOL THE GREAT SOUTH WEST

You are hereby notified that a **Governance Committee Meeting** of Liverpool City Council will be held at **LEVEL 6, 35 SCOTT STREET, LIVERPOOL NSW 2170** on **Tuesday, 12 March 2024** commencing at 10.00am.

Please note this meeting is closed to the public. The minutes will be submitted to the next Council meeting.

If you have any enquiries, please contact Council and Executive Services on 8711 7441.

Hon John Ajaka
CHIEF EXECUTIVE OFFICER

ORDER OF BUSINESS

ITEM 01	Development Assessment

Strategic Objective	Liveable, Sustainable, Resilient Deliver effective and efficient planning and high-quality design to provide best outcomes for a growing city
File Ref	057392.2024
Report By	William Attard - Manager Development Assessment
Approved By	Lina Kakish - Director Planning & Compliance

EXECUTIVE SUMMARY

This report is prepared to table a snapshot of key Development Assessment (DA) statistics.

RECOMMENDATION

That Council receives and notes the Development Assessment report.

REPORT

The following key Development Assessment (DA) statistics are provided:

Development Applications and Class 1 Appeals

Development Applications (DAs) Outstanding/Received/Completed	
Outstanding – 29 February 2024	306 DAs
DAs Received – February 2024	178 DAs
DAs Completed – February 2024	206 DAs
Class 1 Appeals (February 2024)	
Outstanding – 29 February 2024	39 Appeals
Lodged – Deemed Refusal / Against Council's Determination	2 Appeals / 1 Appeals
Appeals Upheld – s34 Agreement / Hearing	0 Appeals / 0 Appeals
Appeals Dismissed	0 Appeals
Appeals Terminated	0 Appeals
Appeals Withdrawn	0 Appeals
Development Application (DA) Approval Statistics (February 2024)	
DAs Approved	67 DAs
Total Capital Investment Value (CIV) ($)	$39.4M CIV
New Lots Approved	39 Lots
New Homes Approved	154 Homes
DA Fees Released from Trust ($)	$219k Fees
Contribution Fees Raised ($)	$1.9M Contributions

PANs Received, Returned & Average Timeframes (February 2024)	
PANs Received	179 PANs
PANs Returned	110 PANs
Average Timeframe - PAN to Lodgement	14 Days
Average Determination Timeframe	
Average Determination Timeframe – For Current Financial Year	255 Days
Average Determination Timeframe – For February 2024	181 Days

Development Assessment (DA) Team Vacancy (Technical Officers Only)

Position	Positions	Vacancy
Principal Planner	1	0
Senior DA Planners	9	2 (Under Recruitment)
Senior Planning Advisory Officers	3	2 (Under Recruitment)
DA Planners	14	1 (Under Recruitment)
Student Planners	4	1 (Under Recruitment)
Duty Officers	2	0

FINANCIAL IMPLICATIONS

There are no financial implications relating to this recommendation.

CONSIDERATIONS

Economic	There are no economic and financial considerations.
Environment	There are no environmental and sustainability considerations.
Social	There are no social and cultural considerations.
Civic Leadership	Undertake communication practices with the community and stakeholders across a range of media. Provide information about Council's services, roles and decision making processes.
Legislative	There are no legislative considerations relating to this report.
Risk	There is no risk associated with this report.

ATTACHMENTS

Nil

LIVERPOOL
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COUNCIL.

ITEM 02	Enterprise Risk Management Policy and Risk Appetite Statement

Strategic Direction	Leading through Collaboration Strive for best practice in all Council processes
File Ref	045614.2024
Report By	George Hampouris - Head of Audit, Risk and Improvement
Approved By	Michelle Mcilvenny - Director Customer & Business Performance

EXECUTIVE SUMMARY

Council's Enterprise Risk Management (ERM) Policy has been revised in conjunction with the development of a Risk Management Strategy to support it. These have been developed to provide a clearer framework and roadmap in relation to ERM. The draft ERM Policy is therefore submitted to Council for adoption. Both the Policy and the Strategy have been endorsed by the Audit Risk and Improvement Committee.

RECOMMENDATION

That Council:

1. Endorses the Enterprise Risk Management Policy being tabled at the 27 March Council for approval;

2. Adopts the Risk Appetite Statement.

REPORT

The revised Enterprise Risk Management (ERM) Policy (At-1) communicates Liverpool City Council's commitment to maintaining a robust and effective risk management framework to help promote a positive risk culture and proactively manage enterprise wide risks to support the achievement of Council's strategic and operational objectives. The Policy highlights the core components of the ERM framework in place and provides an outline of responsibilities.

For visibility of changes made to the ERM Policy compared to the previous iteration (which was approved by Council on the 27 March 2019), a tracked changes version can be found in At-2.

The ERM Strategy (At-3) has been developed to assist with the development of Council's risk maturity, providing a constructive and accessible reference for managing risks and detailing LCC risk tables and statements including the Risk Appetite Statement. The Strategy is a living document and will be updated from time to time as the risk profile and strategic priorities evolve. The Audit, Risk and Improvement team will monitor the success of risk initiatives and Council's risk culture and make recommendations pertaining to the re-alignment of Council's approach towards risk as required. As part of good governance, any change to the Strategy will be tabled to the Audit, Risk and Improvement Committee for endorsement.

Risk Appetite Statement (RAS)

The purpose of the RAS (Refer to Appendix B within At-3) is to establish some broad parameters around the amount and type of risk that Liverpool City Council is willing to take to meet its strategic and operational objectives. It provides guidance for management and elected representatives on how to approach the management and treatment of risks that are inherent in undertaking Council activities. The parameters of risk tolerance are not exhaustive and aim to guide management when making decisions. The risk appetite levels against each consequence category have been rationalised with the Executive team and are provided as a reference point to determine which of Council risks requires further risk mitigation through risk treatment plans.

CONSIDERATIONS

Economic	There are no economic and financial considerations.
Environment	There are no environmental and sustainability considerations.
Social	There are no social and cultural considerations.
Civic Leadership	Provide information about Council's services, roles, and decision-making processes.
	Operate a well-developed governance system that demonstrates accountability, transparency, and ethical conduct.
Legislative	Local Government Act 1993, sections 428A and 428B
	Local Government (General) Regulation 2021, Section 216

ATTACHMENTS

1. Liverpool Council ERM Policy
2. ERM Policy- changes tracked
3. Liverpool Council ERM Strategy- including Risk Appetite Statement

**LIVERPOOL
CITY
COUNCIL**

ENTERPRISE RISK MANAGEMENT POLICY

Adopted: XXXX

TRIM: XX

ENTERPRISE RISK MANAGEMENT POLICY

Contents

ENTERPRISE RISK MANAGEMENT POLICY

1. PURPOSE

The purpose of this Policy is to communicate Liverpool City Council's commitment to maintaining a robust and effective risk management framework to help promote a positive risk culture and proactively manage risks to support the achievement of Council's strategic and operational objectives. This Policy highlights the core components of the Enterprise Risk Management Framework (ERMF) in place and the responsibilities of Council officials.

By properly understanding and managing risk within the boundaries of our risk appetite, we can provide greater certainty and security to our community and other stakeholders. Effective enterprise-wide risk management will enable us to deliver on our commitments and ensure we make risk based decisions on how we can develop, implement and manage our services and assets and facilitate continuous improvement.

2. OBJECTIVES

Council is committed to the formal, systematic and proactive management of risks. This strengthens the capacity and capability to effectively deliver services to the community by minimising the impact of uncertainty whilst supporting the pursuit of opportunity

This policy is applicable to Council and all of its services, operations, systems and people. Council is committed to;

- Developing, implementing and maintaining a comprehensive and mature ERMF;
- Establishing Council's appetite for risk with respect to strategic objectives and day-to-day decisions;
- Ensuring the process of identifying and managing risk is in accordance with ISO 31000:2018 Risk Management- Guidelines;
- Establishing and implementing an ERM strategy to facilitate and support Council's vision for ERM;
- Ensuring the Executive Leadership Team (ELT) and Audit, Risk and Improvement Committee (ARIC) have ongoing risk oversight;
- Providing ongoing communication and training to staff on their accountabilities and responsibilities with respect to risk management; and
- Ensuring managers and staff are committed to managing risks and conducting risk assessments across all levels of risk (strategic, operational and compliance) in accordance with the ERMF.

3. LEGISLATIVE REQUIREMENTS AND APPLICABLE STANDARDS

Australian Standard: AS/NZS ISO 31000:2018
Local Government Act 1993

4. DEFINITIONS

ENTERPRISE RISK MANAGEMENT POLICY

Term	Meaning
Risk	Effect of uncertainty on objectives. Effect is a deviation from the expected and may be positive and/or negative
Risk Management	The coordinated activities to direct and control an organization with regard to risk.
Enterprise Risk Management Framework	The set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk Management Process	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Control	An existing Council process, policy, procedure or activity that minimises negative risk impacts and enhances positive risk opportunities.
Risk Treatment	A process to modify the risk by removing the risk source and/or changing the likelihood or consequence

5. POLICY STATEMENT

Liverpool City Council will adopt a structured ERMF which will ensure a standard approach to the identification and management of risk across Council.

Council is committed to the principles, framework and process of managing risk as outlined in ISO 31000:2018 Risk Management Guidelines and commits to fully integrating risk management within the Council and applying it to decision-making, functions, services and activities of the Council in accordance with our statutory requirements.

It is expected that risks will be identified and managed prior to the risk impacting Council's objectives by using Risk Registers.

Council's aim is to ensure risk management is embedded in day-to-day operations by incorporating the principles of the ERMF into policies and procedures. Our approach to risk management will include regular review, measurement, reporting and open communication.

ENTERPRISE RISK MANAGEMENT POLICY

6. ERM FRAMEWORK

Liverpool Council's ERMF aims to support the achievement of organisational objectives and considers all types of strategic and operational risks.

The ERMF provides the framework and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management. It consists of:

- Enterprise Risk Management Policy (this Policy) to clearly communicates Council's intent and commitment and its broad risk framework;

- Risk Appetite Statement to help guide management and risk owners in respect to the parameters of acceptable risk taking and tolerances;

- Enterprise Risk Management Strategy to describe the mechanisms for implementing, resourcing, communicating and improving risk management as well as measuring and reporting risk management performance;

- Annual Risk Management Plan which aligns to the ERMF and provides detail of the program of risk management activites; and

- Risk Assessments and Reporting instruments applicable to all functions across Council.

7. ACCOUNTABILITIES AND RESPONSIBILITIES FOR MANAGING RISK

Position	Responsibility
Councillors	Councillors are responsible for setting the foundational elements of council's risk management framework and setting the 'tone at the top'. This includes: • endorsing Council's enterprise risk management approach. • adopting Council's ERM Policy, ERM Strategy and Risk Appetite Statement and ensure decision-making processes are aligned. • consider risk implications in its decision-making to ensure alignment with Council's risk appetite.

ENTERPRISE RISK MANAGEMENT POLICY

Chief Executive Officer	Provides risk management leadership and is ultimately responsible and accountable for risk management. Supports and drives the implementation of risk management throughout Council.
Directors	• Creating a control environment that promotes prudent risk management practices with effective internal controls • Ensure all key risks are identified within the Directorates and have appropriate treatment plans in place where they are rated higher than Council's risk appetite. As a member of the ELT, manage strategic risks facing Council and embed this Policy and related ERMF processes into their areas of responsibility. Oversee and sign off on the implementation and/or existence of controls to mitigate Council's key risks.
Audit, Risk and Improvement Committee (ARIC)	The Audit, Risk & Improvement Committee is responsible for independently reviewing and providing advice to Council in relation to risk management. To ensure Council is effectively managing its risk and complying with its statutory obligations, Council's ARIC is responsible for reviewing the Council's: • ERMF • risk management strategies for major projects or undertakings • control environment and insurance arrangements • business continuity planning arrangements, and • fraud and corruption prevention framework and activities
Head Audit, Risk and Improvement	• The Head of ARIC has overall responsibility for leading the risk management function which is responsible for facilitating and/or undertaking the activities required to implement council's ERMF • provide specialist risk management skills and knowledge
Managers	Along with the Directors may be the 'risk owners' and thus accountable for implementing and maintaining sound risk management practices in their day-to-day activities within their sphere of accountability and authority. Managers help identify, evaluate and manage risks, escalate incidents/issues to Executive and ensure staff are aware of and adhere to the policy and enterprise risk management framework.

ENTERPRISE RISK MANAGEMENT POLICY

Staff	All staff are responsible for identifying risk within their work areas in a timely manner

AUTHORISED BY

Council Resolution

EFFECTIVE FROM

DIRECTORATE/ UNIT RESPONSIBLE
Office of the Chief Executive Officer (Internal Audit)

REVIEW DATE

VERSIONS

Version	Amended by	Date	Changes made	TRIM Number
1	Adopted by Council	16 December 2014	Not applicable	117975.2014
2	Adopted by Council	28 June 2017	Merging of ERM Strategy and ERM Policy	103446.2017
3	Adopted by Council	27 March 2019	Streaming policy to focus on framework, objectives and roles/responsibilities	351446.2018
4				

THIS POLICY HAS DEVELOPED AFTER CONSULTATION WITH
Audit Risk and Improvement Committee
Executive Leadership Team
City Corporate Services (Governance, Legal Services and Procurement)

REFERENCES
Australian Standard AS/NZS ISO 31000:2018 Risk Management
Liverpool City Council: Audit, Risk and Improvement Committee Charter
Liverpool City Council: Fraud and Corruption Prevention Policy
Liverpool City Council: Internal Audit Charter
Liverpool City Council: Work Health and Safety Policy
Liverpool City Council: Business Continuity Plan

LIVERPOOL CITY COUNCIL

ENTERPRISE RISK MANAGEMENT POLICY

Adopted: ~~XX February 2019~~XXXX

TRIM: XX~~351446.2018~~

ENTERPRISE RISK MANAGEMENT POLICY

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ENTERPRISE RISK MANAGEMENT POLICY

1. PURPOSE

The purpose of this Policy is to communicate Liverpool City Council's commitment to maintaining a robust and effective risk management framework to help promote a positive risk culture and proactively manage ~~enterprise wide~~ risks to support the achievement of Council's strategic and operational objectives. This Policy highlights the core components of the ~~enterprise risk management framework~~Enterprise Risk Management Framework (ERMF) in place and the responsibilities of Council ~~Officials~~officials.

By properly understanding and managing risk within the boundaries of our risk appetite, we can provide greater certainty and security to our ~~Community~~community and other stakeholders. Effective enterprise-wide risk management will enable us to deliver on our commitments and ensure we make ~~confident~~risk based decisions on how we can develop, implement and manage our services and assets and facilitate continuous improvement.

2. OBJECTIVES

Council is committed to the formal, systematic and proactive management of risks. This strengthens the capacity and capability to effectively deliver services to the community by minimising the impact of ~~adversity and loss~~uncertainty whilst supporting the pursuit of opportunity

This policy is applicable to Council and all of its services, operations, systems and people. Council is committed to;

- Developing, implementing and maintaining a comprehensive and mature ~~ERM Framework~~ERMF;
- Establishing Council's appetite for risk with respect to strategic objectives and day -to- day decisions;

ENTERPRISE RISK MANAGEMENT POLICY

- Ensuring the process of ~~identification~~identifying and managing risk is in accordance with ISO 31000:2018 Risk Management~~.~~- Guidelines;
- Establishing and implementing an ERM strategy to facilitate and support Council's vision for ERM~~.~~;
- Ensuring the Executive ~~Management~~Leadership Team (~~EMT~~ELT) and Audit, Risk and Improvement Committee (ARIC) have ongoing risk oversight~~.~~;
- Providing ongoing communication and training to staff on their accountabilities and responsibilities with respect to risk management~~.~~; and
- Ensuring managers and staff are committed to managing risks and conducting risk assessments across all levels of risk (strategic, operational and compliance) in accordance with the ~~ERM Framework~~ERMF.

3. LEGISLATIVE REQUIREMENTS AND APPLICABLE STANDARDS

Australian Standard: AS/NZS ISO 31000:2018
Local Government Act 1993

4. DEFINITIONS

Term	Meaning
Risk	Effect of uncertainty on objectives. Effect is a deviation from the expected and may be positive and/or negative
Risk Management	The coordinated activities to direct and control an organization with regard to risk.
Enterprise Risk Management Framework	The set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk Management Process	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Control	An existing Council process, policy, procedure or activity that minimises negative risk impacts and enhances positive risk opportunities.
Risk Treatment	A ~~proposed action that will further~~process to modify ~~negative~~the risk ~~impacts or enhance positive~~by removing the risk ~~opportunities.~~source and/or changing the likelihood or consequence

ENTERPRISE RISK MANAGEMENT POLICY

5. POLICY STATEMENT

Liverpool City Council will adopt a structured ~~enterprise risk management framework~~ ERMF which will ensure a ~~flexible~~standard approach to the identification and management of ~~all types of~~ risk across Council.

Council is committed to the principles, framework and process of managing risk as outlined in ISO 31000:2018 Risk Management Guidelines and commits to fully integrating risk management within the Council and applying it to decision-making, functions, services and activities of the Council in accordance with our statutory requirements.

It is expected that risks will be identified and managed prior to the risk impacting Council's objectives by ~~completing risk registers and other forms of risk assessments~~using Risk Registers.

Council's aim is to ensure risk management is embedded in ~~our culture and~~ day-to-day operations by incorporating ~~controls~~the principles of the ERMF into policies and procedures. Our approach to risk management will include regular review, measurement, reporting and open communication.

6. ERM FRAMEWORK

Liverpool Council's ~~enterprise risk management framework~~ERMF aims to support the achievement of organisational objectives and considers all types of strategic~~, financial, regulatory, reputation, compliance~~ and ~~other~~ operational risks.

The ~~framework (Appendix A)~~ERMF provides the ~~foundations~~framework and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management. It consists of:

- Enterprise Risk Management Policy (this Policy) to clearly communicates Council's intent and commitment and its broad risk framework;

- Risk Appetite Statement to help guide management and risk owners in respect to the parameters of acceptable risk taking and tolerances;

- Enterprise Risk Management Strategy to ~~provide a roadmap of the approach to foster a positive risk-aware culture and outline~~describe the mechanisms for implementing, resourcing, communicating and improving risk management as well as measuring and reporting risk management performance~~.~~;

- Annual Risk Management Plan which aligns to the ~~ERM strategy~~ERMF and provides ~~a~~ detail ~~activity~~ of ~~works which to achieve~~ the ~~broader improvements~~

ENTERPRISE RISK MANAGEMENT POLICY

~~identified in the strategy~~program of risk management activites; and

- Risk Assessments and Reporting ~~including risk registers which are~~instruments applicable to all functions across Council.

7. ACCOUNTABILITIES AND RESPONSIBILITIES FOR MANAGING RISK

Position	Responsibility
Councillors	~~Provide oversight~~Councillors are responsible for setting the foundational elements of council's risk management framework and setting the 'tone at the top'. This includes: • endorsing Council's enterprise risk management ~~framework including the identification and monitoring of emerging risks; Consider risks in all~~approach. • adopting Council's ERM Policy, ERM Strategy and Risk Appetite Statement and ensure decision~~-~~-making processes are aligned. • consider risk implications in its decision-making to ensure alignment with Council's risk appetite ~~statement~~.
Chief Executive Officer	Provides risk management leadership and is ultimately responsible and accountable for risk management. Supports and drives the implementation of risk management throughout Council.
Directors	• Creating a control environment that promotes prudent risk management practices with effective internal controls • Ensure all key risks are identified within the Directorates and have appropriate treatment plans in place where they are rated higher than Council's risk appetite. As a ~~team~~member of the ELT, manage strategic risks facing Council and embed this ~~policy~~Policy and related ~~risk framework~~ERMF processes into their areas of responsibility. Oversee and sign off on the implementation and/or existence of controls to mitigate Council's key risks.

ENTERPRISE RISK MANAGEMENT POLICY

Audit, Risk and Improvement Committee (ARIC)	~~Consider~~The Audit, Risk & Improvement Committee is responsible for independently reviewing and providing advice to Council in relation to risk management. To ensure Council is effectively managing its risk and complying with its statutory obligations, Council's ARIC is responsible for reviewing the ~~risk profile~~Council's: • ERMF • risk management strategies for major projects or undertakings • control environment and insurance arrangements, ~~review and assess the enterprise risk management~~ • business continuity planning arrangements, and • fraud and corruption prevention framework and ~~monitor the level of compliance. In doing this the ARIC will monitor Council's risk exposure by determining if Council has appropriately designed and developed appropriate controls to mitigate risks.~~activities
Head Audit, Risk and Improvement	• ~~Responsible~~The Head of ARIC has overall responsibility for ~~maintaining~~leading the risk management ~~capabilities appropriate to the needs of Council including designing, operating, embedding, maintaining~~function which is responsible for facilitating and ~~continually improving~~/or undertaking the activities required to implement council's ERMF • provide specialist risk management ~~framework. Provide internal leadership, documentation, systems, tools, training, support~~skills and ~~expert advice on risk management matters.~~knowledge
Managers	Along with the Directors ~~are~~may be the 'risk owners' and thus accountable for implementing and maintaining sound risk management practices in their day-to-day activities within their sphere of accountability and authority. Managers help identify, evaluate and manage risks, escalate incidents/issues to Executive and ensure staff are aware of and adhere to the policy and enterprise risk management framework.
Staff *~~/ Council Officials~~*	~~Are required to follow Council's policies and procedures and always act in a manner which does not place at risk the safety of themselves or any other person in the workplace. Responsible and accountable for taking practical steps to minimise exposure to risks in so far as is reasonably practicable within their area of activity and responsibility. Staff should report all incidents, risks and issues to their Manager~~

ENTERPRISE RISK MANAGEMENT POLICY

	~~in a timely manner~~<u>All staff are responsible for identifying risk within their work areas in a timely manner</u>

AUTHORISED BY

Council Resolution

EFFECTIVE FROM
~~XX XXX 2019~~

DIRECTORATE/ UNIT RESPONSIBLE
Office of the Chief Executive Officer (Internal Audit)

REVIEW DATE
~~28 June 2019~~

VERSIONS

Version	Amended by	Date	Changes made	TRIM Number
1	Adopted by Council	16 December 2014	Not applicable	117975.2014
2	Adopted by Council	28 June 2017	Merging of ERM Strategy and ERM Policy	103446.2017
3	Adopted by Council	~~XX XXX~~<u>27 March</u> 2019	Streaming policy to focus on framework, objectives and roles/responsibilities	<u>351446.2018</u>
<u>4</u>				

THIS POLICY HAS DEVELOPED AFTER CONSULTATION WITH
Audit Risk and Improvement Committee
<u>Executive Leadership Team</u>
<u>City</u> Corporate Services (Governance, Legal Services and Procurement)

REFERENCES
Australian Standard AS/NZS ISO 31000:2018 Risk Management
Liverpool City Council: Audit, Risk and Improvement Committee Charter
Liverpool City Council: Fraud and Corruption Prevention Policy
Liverpool City Council: Internal Audit Charter
Liverpool City Council: Work Health and Safety Policy
Liverpool City Council: Business Continuity Plan

ENTERPRISE RISK MANAGEMENT POLICY

Appendix A

LIVERPOOL CITY COUNCIL ENTERPRISE RISK MANAGEMENT FRAMEWORK

LIVERPOOL CITY COUNCIL
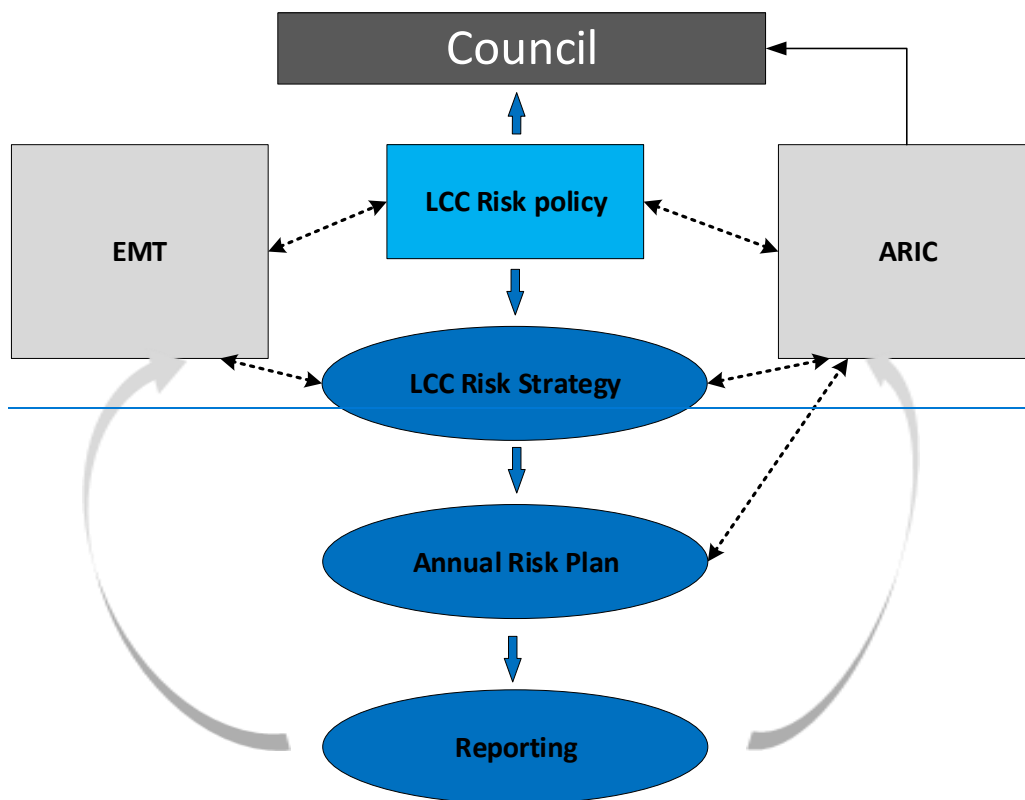
ENTERPRISE RISK MANAGEMENT STRATEGY

Adopted: **XXXX**

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ITEM 02   Enterprise Risk Management Policy and Risk Appetite Statement
Attachment 3   Liverpool Council ERM Strategy- including Risk Appetite Statement

ENTERPRISE RISK MANAGEMENT STRATEGY

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AUTHORISED BY

ENTERPRISE RISK MANAGEMENT STRATEGY

*C*ouncil Resolution

EFFECTIVE FROM
X October 2023

REVIEW DATE
The RMS must be reviewed every two years or more frequently depending on material changes to council's strategy or operations.

VERSIONS
The current and previous versions of the policy should be set out in the following table.

Version	Amended by	Changes made	Date	TRIM Number

THIS POLICY HAS BEEN DEVELOPED IN CONSULTATION WITH
members of Council staff, management, Councillors, Audit, Risk & Improvement Committee. You should consult with the Governance Coordinator before the policy is considered by the Chief Executive Officer or the elected Council.

ENTERPRISE RISK MANAGEMENT STRATEGY

1. Executive Summary

1.1 Introduction

Liverpool City Council acknowledges that risks are inherent in every business decision. The identification and management of opportunities are equally critical to ensure the business is continuously robust and sustainable across all key outcome areas.

Like all local government bodies, Liverpool City Council is facing increasing demands to manage its governance, environmental, economic and social responsibilities. The effective and innovative management of risks and opportunities at all levels of the enterprise positively impacts these responsibilities.

Council understands that large, unmitigated risks can adversely impact its stakeholders and its ability to achieve strategic and operational objectives. Accordingly, Council is committed to the systematic and proactive and enterprise-wide approach to managing risks.

All Council staff and Councillors have a responsibility to be actively involved in managing risk. To meet these responsibilities, Council is committed to providing an appropriate framework, resources and support that will be regularly reviewed and enhanced in line with continuous improvement and sustainability principles. Under local government legislation, the Chief Executive Officer is responsible for the delegation of accountabilities to provide that support. Risk management accountabilities are set out in this document.

Risk is defined as the effect of uncertainty on objectives that arises due to the unpredictability of the future. Effective Enterprise Risk Management (ERM) ensures that an organisation can be confident to undertake activities in the knowledge that appropriate and adequate measures are in place to minimise the negative or unanticipated effects of risks as well as maximise the opportunities.

The ERM Strategy is a key component of the successful delivery of priorities identified through the Integrated Planning and Reporting Framework (IP&R). The ERM Strategy supports Plans pertaining to IP&R by providing a methodology that tests assumptions and ensures that the Council is better able to manage risks, sustain business continuity and obtain better value for money in the delivery of services to the community.

1.2 Purpose

The purpose of this ERM Strategy is to ensure a consistent approach for proactively identifying, analysing, evaluating, treating, reporting and escalating risks. This document will help Risk Owners develop and maintain their risk register in a manner that is consistent with Council's ERM framework.

Council's risk management strategies are set based on its business objectives (contained in key IP&R documents such as the Community Strategic Plan, the Delivery Program, the Operational Plan and the Resourcing Strategy). These risk strategies include:

- an overarching ERM framework and related risk procedures that are customised and proportionate based on Council's risk appetite, business nature and strategies.
- implementing and carrying out ERM in a structured and comprehensive approach which is fully endorsed by Executive Leadership Team and by staff across all

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ITEM 02   Enterprise Risk Management Policy and Risk Appetite Statement
Attachment 3   Liverpool Council ERM Strategy- including Risk Appetite Statement

ENTERPRISE RISK MANAGEMENT STRATEGY

departments and business units. This also includes ensuring the adequacy of resources and skill to manage risks.

- embedding risk management as an integral part of all activities carried out in Council based on a balanced risk-reward relationship which has considered cost-benefit trade-offs.
- enabling a risk management methodology which anticipates, detects, acknowledges and responds actively to changes; internally and externally.
- defining a risk-aware culture as human and cultural factors influence all aspects of risk management.

1.3 Objectives

The key objective of the ERM framework is to create and protect value by:

- enabling Council to achieve an optimised risk-reward relationship through informed considerations, risk-based decisions and balance between costs and benefits of risk mitigations.
- outlining the responsibilities of Council staff and contractors, consultants and volunteers in relation to risk management.

The application of ERM thinking, principles and practices aims to help Council deliver quality services, improve decision-making, set priorities for competing demands/ resources, minimise the impact of adversity and loss, ensure regulatory compliance and support the achievement of objectives.

A well-designed ERM program ensures that all material risks are owned, and risk-return trade-offs are carefully evaluated by managers and staff at all levels throughout Council.

1.4 Scope and application

Council's ERM framework shall be applied to all activities of Council. Risk needs to be considered and addressed by everyone, including elected Council, Executive Leadership Team, senior managers, staff, contractors and volunteers. Council is committed to promoting an organisational culture where risk management is embedded in all activities and business processes.

The application of risk is fundamental but not limited to;

- Strategic planning
- Business planning
- Project management
- Policy development
- Strategic decision making
- Operational decision making

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ITEM 02   Enterprise Risk Management Policy and Risk Appetite Statement
Attachment 3   Liverpool Council ERM Strategy- including Risk Appetite Statement

ENTERPRISE RISK MANAGEMENT STRATEGY

2. Risk Appetite

It is neither practical nor ideal to seek to achieve a completely risk-free environment. It is important that Council understands its risk-taking parameters and articulates its policies and procedures accordingly. Risk parameters are generally expressed in terms of risk appetite and risk tolerance.

Risk appetite is the amount and types of risk that Council is willing to take in pursuit of its strategic objectives. Risk appetite is a driver of Council's strategic risk decision-making and sets the foundation for the ERM framework.

The Risk Appetite Statement sets out Council's overarching appetite for risk-taking and is supported by risk tolerances which are more detailed operational risk limits. These risk limits are closely linked to specific business or/and regulatory requirements and represent a more detailed explanation of Councils risk appetite.

Council's risk appetite may vary depending on the importance and complexity of each objective that Council is pursuing in accordance with the decisions of Council and the particular strategies in place to achieve those objectives which should be related to its current Community Strategic Plan, Operational Plan and Delivery Program.

In consultation with the Chief Executive Officer, the elected Council adopts the Risk Appetite Statement and ensures that decisions made are aligned with the set risk appetite.

Council acknowledges that there is a certain level of inherent risk in its activities and acknowledges that accepting a certain level of risk helps Council to develop and improve in terms of meeting its strategic objectives. However, in accepting such risks, Council must consider its current financial and staffing capacity, stakeholders and the potential impacts on Council's longer term financial, environmental and social sustainability.

Council's Risk Appetite Statement is a commercial and confidential document for internal use only to help guide Council staff in respect to the parameters of acceptable risk taking and tolerances. The acceptable level of risk and tolerances will vary depending on each risk category. For Council's Risk Appetite Statement please see Appendix B.

The Risk Appetite Statement and any attached risk limits are reviewed on a regular basis as Council's risk profile changes over time due to:

- changes of Council's management, organisational structure, and/or business objectives.
- Council's changing vulnerability to certain types of risks.
- new and emerging risks that are significant to Councils existing risk exposure and risk profile.
- Council's increasing sophistication of risk management skills and level of risk management maturity.

Executive Leadership Team reviews risk appetite levels and reflects on whether decision-making behaviour is risk-based and has been aligned with risk appetite.

ENTERPRISE RISK MANAGEMENT STRATEGY

As a general principle, once the risk appetite threshold / risk limit has been breached / exceeded, risk treatment plans are required to bring the overall exposure back within the risk appetite. In principle, risk appetite should be taken into consideration during decision-making, operational and integrated planning and reporting processes.

3. Risk Governance

3.1 Three lines model

The risk management governance structure is facilitated through a 'three lines model' which is considered best practice from a corporate governance perspective.
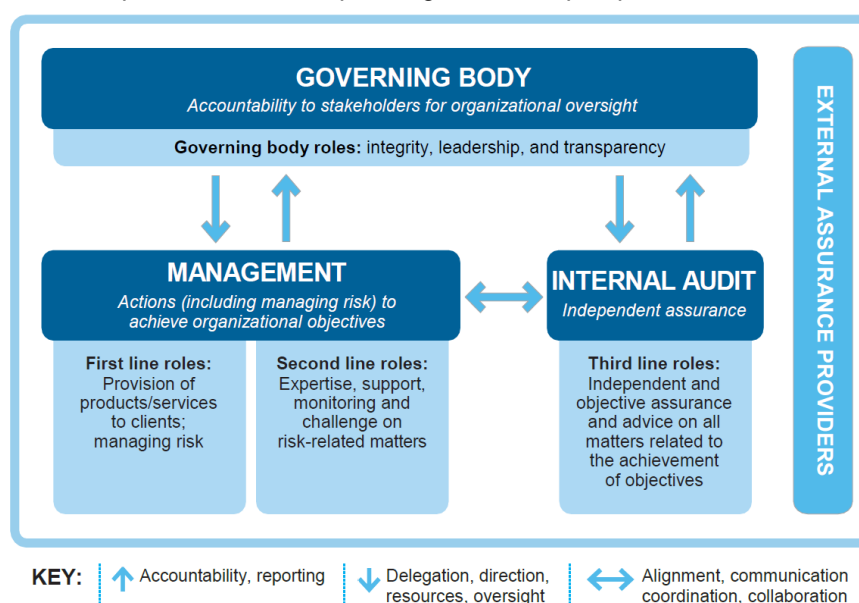
The risk owners, Business Unit Managers and Responsible Officers, form the **first line.** They have the primary responsibility for risk management, as accountability and ownership should be as close as possible to the daily activities that either create risks or enforce risk control measures. This entails day-to-day risk management, in accordance with Council's risk appetite, risk management procedures and controls.

The **second line** provides risk oversight, guidance, and advice in Council. The key enabler is the Risk Team, which supports and reports to the Chief Executive Officer and the Audit Risk and Improvement Committee (ARIC). This ensures accountability and allocation of responsibilities at all levels across Council.

The **third line** are internal audit which provides independent advice and assurance to the Executive Management (including ARIC), regarding the effectiveness of the risk management framework and related activities.

ENTERPRISE RISK MANAGEMENT STRATEGY

3.2 Roles and Responsibilities

An effective risk management framework is led by a committed and accountable governing body and executive. The commitment to managing risk starts at the top. Council has defined the responsibilities for the governing body (Elected Representatives), executive and staff and these are incorporated in position descriptions.

Position	Responsibility
Governing Body (Councillors)	Councillors are responsible for setting the foundational elements of council's risk management framework and the 'tone at the top'. This includes: • providing oversight of Council's enterprise risk management. • setting the strategic context for risk management across the organisation, representing Council's objectives and the interests of current and future residents in the local government area. • delegating risk management to the CEO. • adopt Council's ERM Policy, ERM Strategy and Risk Appetite Statement and ensure decision-making processes are aligned. • consider risk implications in all decision making to ensure alignment with Council's risk appetite.
Chief Executive Officer	Provides risk management leadership and is ultimately responsible and accountable for risk management. Supports and drives the implementation of risk management throughout Council. This includes: • overseeing the council's ERM framework and ensuring it is effectively communicated, implemented and reviewed regularly • approving the council's ERM policy, plans and risk reports (where applicable) • promoting and championing a positive risk culture • assigning authority and accountability for risk management at appropriate levels and to appropriate staff in the council, and ensuring they are held accountable for these responsibilities • annually attesting that council's risk management framework complies with statutory requirements, and • approving the council's implementation of corrective actions recommended by the council's internal audit function, external audit and ARIC.
Executive Leadership Team	Collectively the ELT are responsible for supporting the CEO in managing risk and instilling a positive risk culture. The ELT manage strategic risks facing Council and embed the ERM framework into

ENTERPRISE RISK MANAGEMENT STRATEGY

Position	Responsibility
	their areas of responsibility. Oversee and review the implementation and/or existence of controls to mitigate Council's key risks
Directors	Risk management is a core responsibility for all senior management. In addition to their responsibilities as risk owners, senior management are responsible for: • ensuring all staff manage their risks within their own work areas. Risks should be anticipated, and reasonable protective measures taken • encouraging openness and honesty in the reporting and escalation of risks • ensuring all staff have the appropriate capability to perform their risk management roles • reporting to the CEO on the status of any risks outside risk appetite, and • identifying and communicating improvements in Council's risk management practices to Audit, Risk & Improvement Team.
Managers	Along with the Directors are the 'risk owners' and accountable for implementing and maintaining sound risk management practices in their day-to-day activities within their sphere of accountability and authority. Managers help identify, evaluate and manage risks, escalate incidents/issues to Executive and ensure staff are aware of and adhere to the policy and enterprise risk management framework.
Staff	All staff are responsible for identifying and managing risk within their work areas. Key responsibilities include: • being familiar with, and understanding, the principles of risk management • complying with all policies, procedures and practices relating to risk management (including reporting incidents) • alerting management to risks that exist within their area, • alerting management to any incidents that occur within their area, and • performing any risk management activities assigned to them as part of their daily role.
Head Audit, Risk and Improvement	The Head of Audit, Risk & Improvement has overall responsibility for leading the risk management function which is responsible for the day-to-day activities required to implement the council's ERM framework and provide specialist risk management skills and knowledge. The responsibilities of the risk management function include:

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ENTERPRISE RISK MANAGEMENT STRATEGY

Position	Responsibility
	• supporting the CEO by coordinating and providing clear and concise risk information, advice and/or reports that can be used in planning and decision-making • coordinating the various activities relating to risk management within the council • helping to build a risk management culture within the council, including facilitating and driving risk management at the strategic and operational level within the council and ensuring consistency in practice • ensuring there are easily accessible systems and processes in place to enable all staff to conveniently undertake risk management in their day-to-day work • ensuring risk management processes are applied consistently across the council • organising appropriate staff risk management training and development • developing and maintaining a risk reporting framework to enable regular advising/reporting of key risks, and the management of those risks, to the general manager or their delegate • supporting council staff with their risk management obligations and providing staff with advice and tools to ensure risk management compliance • implementing effective risk management communication mechanisms and information system/s • establishing and maintaining an ongoing monitoring system to track the risk management activities undertaken within council and assessing the need for further action • assessing risk management information for completeness, accuracy and consistency (for example, risk registers, risk treatment plans), and • preparing advice or reports for the ARIC and attending committee meetings (where requested).
Audit & Risk Coordinator	Responsible for the day-to-day provision of advice, training and assistance to management and staff in all risk management matters, and the administration of Council's risk management activities. Responsible for coordinating or conducting internal audit activities which includes providing independent advice on the effectiveness of the council's risk management framework, the management of specific risks and operation of controls.

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ENTERPRISE RISK MANAGEMENT STRATEGY

Position	Responsibility
Audit, Risk & Improvement Committee (ARIC)	The Audit, Risk & Improvement Committee is responsible for independently reviewing and providing advice to Council in relation to risk management. To ensure Council is effectively managing its risk and complying with its statutory obligations, Council's ARIC is responsible for reviewing the Council's: • risk management processes and procedures • risk management strategies for major projects or undertakings • control environment and insurance arrangements • business continuity planning arrangements, and • fraud and corruption control plan. The ARIC is required to advise the CEO and governing body: • whether the council is providing the resources necessary to successfully implement its risk management framework • if the council has in place a current and appropriate risk management framework that is consistent with the Australian risk management standard • whether the council's risk management framework is adequate and effective for identifying and managing the risks the council faces, including those associated individual projects, programs and other activities • if risk management is integrated across all levels of the council and across all processes, operations, services, decision-making, functions and reporting • of the adequacy of risk reports and documentation, for example, the council's risk register and risk profile • whether a sound approach has been followed in developing risk management plans • whether appropriate policies and procedures are in place for the management and exercise of delegations • if council has taken steps to embed a culture that is committed to ethical and lawful behaviour • if there is a positive risk culture within the council and strong leadership that supports effective risk management • of the adequacy of staff training and induction in risk management • how the council's risk management approach impacts on the council's insurance arrangements • of the effectiveness of council's management of its assets, and • of the effectiveness of business continuity arrangements, including business continuity plans, disaster recovery plans and the periodic testing of these plans.

ENTERPRISE RISK MANAGEMENT STRATEGY

4. Risk Culture

Risk culture is a term describing the values, beliefs, knowledge, attitudes and understanding about risk shared by a group of people.

An effective risk culture is one that enables and rewards individuals and groups for behaviours and actions that are in line with policies and procedures and for taking the right risks in an informed manner. Managing risk is fundamental to meeting strategic, business & service objectives.

Liverpool City Council is working to continually embed a risk conscious culture where every decision takes account of risk and opportunity so that the decision solution addresses those risks. The benefits of a risk aware culture, risk management thinking and managing risks Council-wide include:

- increased likelihood of achieving objectives;
- better decision-making and planning;
- better identification of opportunities and threats;
- pro-active rather than re-active management;
- more effective allocation and use of Council resources (human, financial, intellectual);
- improved stakeholder confidence and trust;
- improved internal control environment;
- better corporate governance
- Improved Council's reputation with the provision of a competitive edge
- commitment to and practical risk management across the organisation
- enhanced compliance and sustainability in the complex LG legislative environment

It is incumbent on all managers to continually improve their understanding of risk management so that it becomes embedded in all decision making.

A good risk culture can be achieved by Executive Leadership Team championing risk management and leading by example.

ERM must be integrated into the culture of the organisation, and this will include mandate, leadership, and commitment from Executive Management. It must translate risk strategies into tactical and operational objectives and assign risk management responsibilities throughout the organisation.

In Council, having the right risk culture and people with the right values and attitudes are fundamental to the success of risk management program. All staff are provided with necessary training and development in risk management.

Council develops a risk-aware culture that embeds prudent risk-taking in decision-making and business processes. This requires the development of the right behaviours and skill sets necessary to identify and respond to risks.

Everyone has a role to play in risk management regardless of seniority within the organisation. Council's risk culture is underpinned by its values, organisational culture, and practices that include:

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ENTERPRISE RISK MANAGEMENT STRATEGY

Our Vision: Aspiring to do great things – for ourselves, our community and our growing city.

Values	Ambitious	Authentic	Collaborative	Courageous	Decisive	Generous
	means we unlock our true potential by being innovative, setting, and delivering on, bold targets and learning new skills.	means we can be ourselves at work and we treat others with kindness and respect.	means we work together on common goals and challenges, share ideas and seek input from our stakeholders.	means we ask hard questions, take calculated risks, own up to mistakes and constructively resolve challenges we face.	means we are confident in our abilities and empowered to make timely and informed choices. We back ourselves and each other.	means we take the time to share our knowledge, skills and resources with each other and the community.

The "tone at the top" set by the Executive Leadership Team through Council-wide messages and the decision-making process is a critical element in building an effective risk-aware culture to ensure continuous growth and financial sustainability.

This requires Council obtaining and maintaining staff who possess the right skill sets and competency in carrying out its duty and fulfilling high service standard. From a risk perspective, Council also acknowledges and rewards behaviour that adds significant value to risk management.

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5. Risk Categories

Understanding both the internal and external contexts in which the Council seeks to achieve its objectives is important in ensuring that the objectives and concerns of stakeholders are considered and that the risk management approach adopted is appropriate to the circumstances and the organisation. Council's risks can be classified into 4 risk categories including Strategic, Operational, Compliance and Project risks.

Risks under the four categories can be interrelated and/or lead to a range of potential consequences on Council's objectives including financial, environmental, reputational, compliance & legal, people & safety and service delivery.

Risk context is a dynamic concept and can be ever developing based on external environment and internal practice. It is also difficult to clearly separate external and internal contexts as they are inter-related and can potentially evolve into each other.

Council's Risk Categories and an Illustration of their Risk Context

The key challenge is to ensure all value-adding activities within the organisation are evaluated and all the risks flowing from these activities are adequately defined. Categorising risks helps to understand how different risks interrelate.

Risk identification occurs within the context of the risk management activity, procedure or process. The following categories of risk should typically be considered:

5.1 Strategic risks

Strategic risks arise during strategy formulation and strategy implementation or from factors in the external environment that could impact strategy.

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Strategic level risks are often very hard to manage as they involve greater uncertainty, complex assumptions, complex activities and overall high inherent risk when compared to day-to-day operational activities. The risks that are associated with strategies may be transient or relatively short term in nature but often have long lasting consequences. Failure to manage strategic level risks could have significant negative financial, reputational and operational consequences.

Risk and strategy are closely linked. Whenever there is a change to the strategy, the risks may also change. In addition, strategic plans will not remain static due to changing priorities, environmental changes, and government decisions and therefore will need re-assessment regularly.

Council's Community Strategic Plan includes a broad statement on how Council manages risk. Council's annual Operational Plan includes a section on Risk Management that details proposed risk management activities for the coming year and discusses any key risk management issues. In particular, the Operational Plan should identify key risks that may impact on objectives as well as strategies and controls in place (or proposed) to manage those risks.

5.2 Operational risks

Operational risk typically exists within the day-to-day activities and decisions at different levels across Council. Operational risks are often easier to manage as the risks are often more predictable, involve less uncertainty and can be adequately controlled through well designed and executed policies and procedures. High impact, low probability risks can also be mitigated with appropriate crisis management, business continuity and disaster recovery planning. There are many different

5.3 Compliance risks

Compliance risks are a type of operational risk relating to meeting compliance obligations. Compliance obligations are requirements that Council must mandatorily comply with (e.g. EPA licence conditions, legislative or regulatory requirements and key contractual requirements) as well as those it voluntarily chooses to comply with (e.g. ISO standards) that Council considers key to its operations. Compliance risks may require an enterprise-wide strategy and/or management at a business unit or activity level.

5.4 Project risks

A project is planned work or an activity that is finished over a period and intended to achieve a particular purpose. Projects can be related to strategic plans, major infrastructure or corporate change/ transformation activities.

Identifying the inherent risks associated with projects and the level of project activity at Council, project risks need to be thoroughly considered.

All projects have risks. If the potential risks are not identified and managed early, then the project is exposed to risk of delays, safety issues, scope creep, cost over-runs and/or result in below quality outcomes.

The detailed methodology to mange project risks will be developed and will become an Annexure to this strategy.

6. Risk Management Process

Council will utilise the Australian and New Zealand Risk Management Standard AS/NZS ISO 31000:2018 to manage risks. This is a structured and proactive approach that can be applied organisation-wide to support management of strategic, compliance and/or operational risks.

The risk management process is the systematic application of management policies, procedures and practices to the task of communicating, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk.

Under this approach, there are six key stages to the risk management process.

1. Communicate and consult - with internal and external stakeholders
2. Establish scope, context and criteria - the boundaries
3. Risk Assessment - identify, analyse and evaluate risks
4. Risk treatment – implement and assess controls to address risk
5. Monitoring and review – risk reviews and audit
6. Record and report- Report for oversight and accountability

Council's risk management approach in accordance to AS/NZS ISO 31000 Risk Management Standard can be depicted in the below diagram
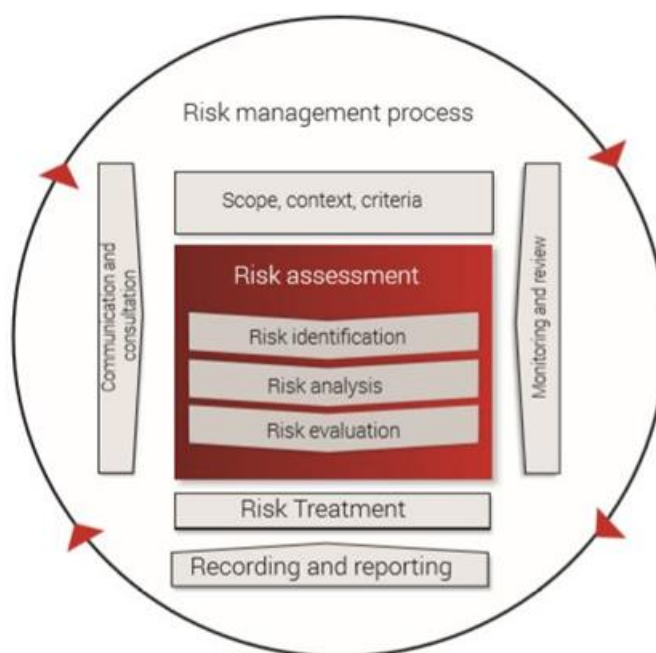
The below chart depicts the relationship between the Annual Risk Management Plan, ERM process and the organisational context. The structured approach towards risk management is critical that there is alignment between Council's strategic direction and the requirement for risk to be identified and managed in line with the risk management process.

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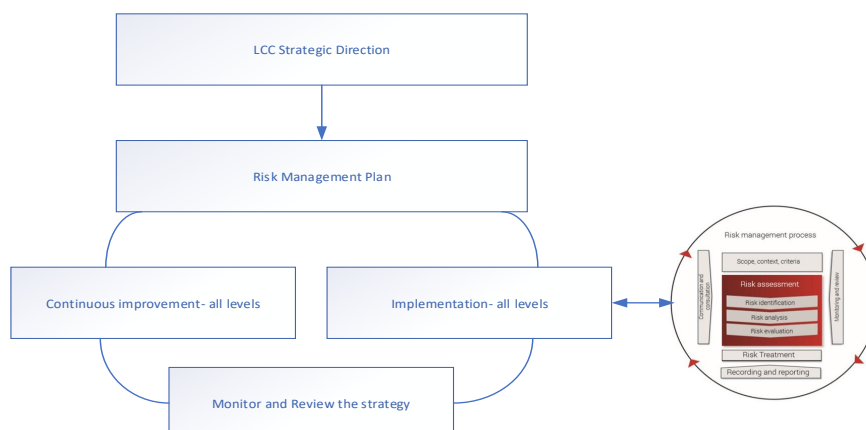
6.1 Identify, Analyse and Evaluate

Risk Identification

Risk identification is a process of identifying, recognising and describing risks. It establishes the exposure of the organisation to risks and uncertainty based on the knowledge of the organisation, the external environment and an understanding of strategic and operational objectives. This involves thinking through the sources of risks, the potential hazards and opportunities, the possible causes and the potential exposure in the respective risk category.

The aim of this step is to generate a comprehensive list of risks based on those events that might create, enhance, prevent, degrade, accelerate or delay the achievement of objectives.

A risk statement/description containing key risk information should be developed in a consistent format for every risk identified. Council adopts a threat-driven risk statement format that involves the cause, the event itself and the potential negative impact of such an event if left unmanaged. To illustrate:

Risk statement (threat): A (cause) leads to a (risk event) that results in (consequences/negative impact).

Example: A reversing garbage truck hits a member of the public resulting in serious injury or death.

It is important to consider the potential causes of a risk as it will help to address the risk - the next stage of the risk management process.

Another key part of risk identification is classifying the risk by most appropriate and relevant risk categories and risk themes for tailored analysis and further treatment.

Risk Analysis

Risk analysis involves consideration of the causes and sources of risk, their negative consequences, and the likelihood that those consequences can occur. The following risk criteria should be used as a guide when analysing risks.

The **consequence** assessment is the typical effect or impact of the risk event. Council will utilise the consequence ratings shown in Appendix D

The **likelihood** of occurrence is the probability of an event occurring. When considering the likelihood of a risk, both the probability and frequency of occurrence needs to be considered. Council will utilise the likelihood ratings shown in Appendix E.

Inherent risk is the overall risk before the application of any controls. It is determined by combining the likelihood and consequence ratings. Ultimately, the level of inherent risk will determine how a risk is treated. The table shown in Appendix C depicts the inherent risk levels that will be used by Council. When rating a risk, it is important to understand that the assessment should be based on a "typical scenario" rather than a "worst-case scenario".

Once the inherent risk has been determined, the current controls (people, systems and processes) that are in place to mitigate the risk need to be identified and considered.

A control can reduce the likelihood and/or the consequence of a risk. A control can be:

- Preventative – to deter undesired events from occurring
- Detective – to deter and correct undesirable events from happening, or
- Directive – to cause or encourage a desirable event to occur

A control can also be formal or informal:

- Formal or hard controls – e.g., systems, processes, policies and procedures, management approvals
- Informal or soft controls – e.g., employee capability, organisational culture, ethical behaviour of management and staff

Once current controls are identified, the control's effectiveness needs to be assessed to determine the residual risk. To determine control effectiveness, the quality of documented policies and procedures, adequacy of training, staff turnover, and recent issues needs to be considered.

Residual risk is the level of risk after considering the effectiveness of existing controls. This is determined by applying the same risk rating table in Appendix C.

Risk Evaluation

Risk evaluation refers to a process of comparing the results of risk analysis against risk criteria / risk appetite in Appendix B to determine whether the risk or / and its magnitude is acceptable or tolerable. This will lead to risk decisions whether additional actions are required such as considering risk treatment options, reviewing risk objectives, undertaking further risk analysis, or/and redesigning controls. Council conducts ongoing risk and control evaluations based on the initial risk assessment.

The risk assessment result feeds into Council's risk register that facilitates risk evaluation by comparing the inherent risk rating (without control measures) against the residual risk rating (after controls implemented) for a risk. This allows Council to utilise the risk register, not only as a structured way of risk recording, but also a means of managing risk dynamically; allowing continuous improvement to lower Council's overall risk profile through detailed action plans and effective control measures.

Evaluation of existing controls will lead to the identification of risk improvement recommendations. More specifically, it is a review of the risk assessment and effectiveness of the control measures undertaken when the controls are in place. This can be triggered when:

- a review is requested by the Audit & Risk Coordinator with a set timeframe.
- there is evidence that the control of the risk is no longer active or effective.

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- an incident (whether being actual or near miss) has occurred.
- a change is proposed to work processes, the workplace or the organisation.
- there is a change to acts, regulations, Australian standards or codes of practice.
- a concern raised by stakeholders in the workplace.

Risk evaluation, similar to risk assessment, can be affected by risk owner's values, experiences, knowledge boundaries and level of understanding of the risk. Hence it is important to ensure timely and appropriate communication and consultation is sought for with relevant stakeholders during the evaluation process.

Where residual risk is evaluated as within risk appetite, no further or immediate action is required other than simply ensuring the risk assessment has been performed diligently and the risk is continually monitored.

Where residual risk is evaluated as outside risk appetite, further escalation and action is required through risk treatment. The risk owner must consult on risks outside risk appetite with the proposed risk treatment plan with the Audit & Risk Coordinator and their Director before escalating to the CEO.

Management decisions should be made to determine whether the proposed risk treatment, including the time frame for implementation, is acceptable. In some cases, the CEO may determine to accept a High or Extreme residual risk or risks outside risk appetite without further treatment where the cost of treatment exceeds the benefit and the objective being pursued is considered critical.

In such cases, the reason for accepting the risk without further treatment must be documented and reported to Council. Accepting certain risks outside of risk appetite frequently might suggest an understatement of the risk appetite. Management decisions should be made whether to adjust (i.e., increase) the threshold to reflect our current appetite.

6.2 Risk Treatment

When considering the most appropriate risk treatment options, risk owners should consider the concept of "As Low As Reasonably Practicable" (ALARP).

ALARP as illustrated is the point where the level of risk is tolerable and cannot be reduced further without expenditure of resources, time and effort being disproportionate to the benefit gained or where the solution is impractical to implement.
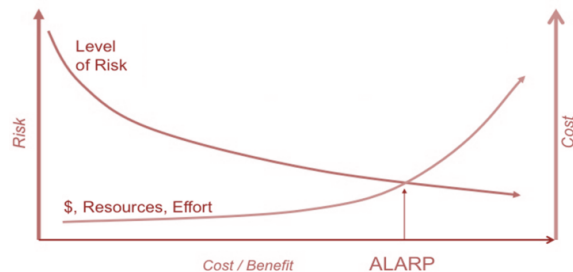
The information provided in risk treatment plans should include:

- the reasons for selection of treatment options with a cost / benefit analysis
- those who are accountable for approving the plan and those responsible for implementing the plan
- proposed actions
- timing and schedule

When a residual risk is assessed as outside Council's Risk Appetite, a Risk Treatment Plan must be developed to reduce the level of risk to within risk appetite unless approved by the CEO.

Risk treatment involves selecting one or more options for modifying risks and implementing those options. Risk treatment options are not necessarily mutually exclusive or appropriate in all circumstances. The options can include the following:

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- **Risk Avoidance**
  Avoidance of the risk can be achieved by not engaging in the activity generating the risk. Such risks typically fall outside of risk appetite hence it will be part of the risk strategy not to undertake such risks and associated business activities.

- **Risk Acceptance**
  Risk acceptance is an informed decision to take a particular risk that is outside of the agreed Risk Appetite and accept it for an agreed period (max. of 12 months). Decisions to accept certain risks outside Risk Appetite must be approved by the CEO.

- **Risk Transfer**
  Risk can only be transferred if the party to whom the risk is transferred can sustain the consequences of the risks and has majority control of the risk involved. Transfer can be by, for example, entering into a service contract with risk professionals or undertaking an insurance policy to have the risk managed externally.
  Risk transfer will create counterparty risks as a counterparty might become unable or unwilling to honour its contractual obligation if it is financially distressed or becomes bankrupt. Whilst risk management can be transferred, the actual risk ownership always remains with Council, hence it is important to implement relevant controls to ensure initial and ongoing due diligence is conducted on such counterparties.

- **Risk Mitigation**
  Risk mitigation reduces and restricts an organisations exposure by:
    o removing the risk source;
    o changing the likelihood through controls or
    o changing the consequences through controls or other risk mitigation;

Mitigating controls neither guarantee the overall success of the risk management program nor the absence of resource waste, fraud, and mismanagement, but is a means of managing the risks associated with Council's risk management program and operations. Risk mitigation or control development is often the weakest part of the risk management process.

Risk owners are responsible for ensuring that actions contained in risk treatment plans (RTPs) are implemented effectively and within agreed timeframes. Action taken is to be recorded in the risk management system. In addition, Risk Owners are responsible for ensuring that actions contained in RTPs are included in their business plans and where appropriate Council's Operational Plan.

6.3 Risk Implications Statement
Good risk governance requires that risk management be an integral part of making decisions. Therefore, decision makers need to be satisfied that the risks relating to important decisions are fully considered and aligned to Council's risk management framework.

A 'Risk Implication Statement' will be included in all council and committee reports that outline a summary of key risks of decision or adopting or not adopting recommendations. The statements can range from a simple statement to a more detailed statement supported by a formal risk assessment.

For most reports, where decision stakes are low, a simple Risk Implication Statement should describe:
- the key risks of decisions or adopting or not adopting a recommendation (where foreseeable)
- how the key risks will be managed and monitored
- the residual risk after implementation of controls and
- listing any risks outside the appetite of Council.

For major decisions, where stakes a higher, a detailed Risk Implication Statement should include:

- Risk register or formal assessment
- Identification and evaluation of key risks of decision of adopting or not adopting recommendations (where foreseeable);
- Identification and evaluation of key controls;
- Risk & control owners;
- How the key risks will be monitored; and
- List any risks outside the appetite of Council.

A detailed risk implication statement may be considered "confidential" in accordance with Section 10 of the local Government Act.

6.4 Incident Management
All Council staff are responsible for reporting and tracing incidents, complaints, issues and near misses in a way consistent with the appropriate Council policies and procedures. All incidents must be investigated root cause examined and remediated and risk register updated as appropriate.

6.5 Key Risk Indicators
Risk Owners may record in Council's risk management system one or more key risk indicators for a risk that provide an indication as to whether there could be a change in the level of risk or control environment. These metrics are used to monitor factors that influence potential causes of risk, consequences of risk or the controls intended to mitigate risk.

6.6 Monitoring & Review
Few risks remain static. Risks will be continuously monitored and reviewed; and the effectiveness of the controls in place and of the risk treatment plans will be assessed to ensure changing circumstances do not alter risk priorities.

Risks will be reviewed regularly in accordance with their risk category and level of residual risk. At minimum, the risk register will be reviewed semi-annually as part of the operational plan review process.

All risks must be reviewed at least every:

Risk Category	Strategic Risks	Operational Risks	Compliance Risks	Project Risks
Review period	91 days	182 days	182 days	14 days

Risk are to be reviewed at least every:

Risk Rating	Extreme	High	Moderate	Low
Review period	28 days	91 days	182 days	182 days

The risk register review is an integral part of the annual business planning cycle to ensure that:

- risks are identified and assessed in the context of Council's and each Section's current objectives;
- the status of risks and controls is reviewed in conjunction with the review of each section's performance;

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- where necessary (i.e risks are above Council's risk appetite or the manager believes there is a justification for additional risk treatment), risk treatment plans are incorporated
- where funding is required to implement risk treatment plans that it is incorporated into Council's budget.

All Risk Owners are required to review risk registers for their areas of the organisation to ascertain their completeness and accuracy. All Directors review their strategic risks quarterly for their areas of the organisation. Project Sponsors / Managers must review their project risk on a fortnightly basis in accordance with the Project Management Framework. Review includes consideration of the level of risk, the adequacy of controls and timely implementation of risk treatment plans.

Regular review of risk registers is encouraged particularly when there are changes in the operating environment and/or new risks are identified.

Feedback on the implementation and the effectiveness of the ERM Policy and ERM Strategy will be obtained from:
- the Audit, Risk & Improvement Team which facilitates ongoing and periodical reviews of risk management processes with responsibilities clearly defined and assigned in the Council risk management system (Camms).
- Independent reviews and audits which present to the Executive Management an unbiased view of the risk and control environment. The independent opinion on risk management is also important in achieving best-practice performance and continuous improvement. Council has incorporated a risk-based approach to plan and execute the internal audit process / reviews. Council has further engaged with external consultants to review and assess its risk management adequacy under the risk management framework.
- Key findings and recommendations from internal risk reviews, audits, and consultancy reviews are then incorporated into risk management workshops and risk management action plans by the Audit, Risk & Improvement Team for future improvement.

6.7 Record, Communicate, Escalate & Report
All staff are responsible for identifying risks and reporting those risks in the Council risk management system for consideration of the level of risk.

Recording
Recording and documenting assessment and decisions in relation to risk is important for the following reasons:

- it gives integrity to the process and is an important part of good corporate governance;
- it provides an audit trail and evidence of a structured approach to risk identification and analysis;
- it provides a record of decisions made which can be used and reviewed in the future; and
- it provides a record of risk profiles for Council to continuously monitor.

Risk documentation including risk registers will be maintained in Council's risk management system. All identified risks are recorded, assessed and evaluated in the system which then form into a risk register and become key inputs for periodical and ad hoc risk reporting. This allows effective communication on risk management matters across the organisation, assists interactions with stakeholders, and provides information for future improvement and decision-making.

Written/formal risk assessments, risk/control audits, self-assessments will be maintained within HP TRIM (Council's document management system)

These records may be called upon in the management of ongoing treatments, as evidence in incident investigations, in dealing with insurance matters or during other inquiries, and for audit purposes.

Risk management records should be reviewed:

- On handover of responsibilities between managers;
- On assumption of responsibility for a project or program;
- Regularly to match reporting requirements; and
- Whenever operating parameters are subject to major change

Risk Escalation based on Risk Rating

Based on the likelihood and consequence of a risk occurring in a risk matrix, a risk rating of Low, Moderate, High, or Extreme will be assigned and recorded in the Council risk management system. The below figure provides an overview of the risk rating and escalation requirements for accepted risks.

Residual Risk Rating	Escalation Protocol	Action Process
Low	Business as usual; monitor to ensure controls are in place.	Manage the concerning risk in accordance with Council's risk appetite. Monitoring of the control measure is always required. Low risks should continue to be monitored and re-evaluated on a regular basis to ensure that the risk is being controlled. Low risks can generally be treated with routine procedures. In some instances, it may be appropriate to accept the risk without installing mitigating controls.
Moderate	Attention required; monitor and review the risk against the risk appetite. Ensure all controls identified and schedule regular reviews. Actions and/or limited resources might be required.	Manage the concerning risk in accordance with Council's risk appetite. New activity should not commence until appropriate control measures are in place. For existing activities, actions should be taken in accordance with the Escalation Protocol.
High	Review the risk immediately against the risk appetite. Contact the Audit, Risk & Improvement Team for advice. Ensure all controls identified and review process regularly. Actions and/or limited resources might be required.	Manage the concerning risk in accordance with Council's risk appetite. New activity should not commence until appropriate control measures are in place. For existing activities, actions should be taken in accordance with the Escalation Protocol.
Extreme	Activities must be suspended immediately. Report to manager or Head of Audit, Risk & Improvement for advice. Actions and/or significant resources might be required.	Manage the concerning risk in accordance with Council's risk appetite. New activity should not commence until appropriate control measures are in place. For existing activities, actions should be taken in accordance with the Escalation Protocol.

Reporting

Council's Head, Audit Risk and Improvement is responsible for the coordination and reporting of risks to other key strategic points of the organisation including the Executive Leadership Team, the Audit, Risk & Improvement Committee and Council. The table also indicates the proposed frequency of reporting that will take place.

In particular, the Audit, Risk & Improvement Team provides quarterly risk reports to Executive Management and the ARIC.

The risk reports review and summarise the adequacy of the risk management and internal controls across all risks and aim to enhance the quality of dialogue with Council staff, ARIC, stakeholders and oversight bodies. Risk reports communicate important risk and control information.

Reporting Hierarchy	Risk particulars	Reporting Frequency
Council (Council or Committee of Council)	Extreme and High. All risks associated with a report recommendation need to be included in Council reports.	As required
Audit, Risk and Improvement Committee	Key strategic, operational, compliance and project risks	Quarterly
Executive Leadership Team	Strategic, operational compliance and project risks	Strategic risks are reviewed off by the Executive every quarter. Operational and compliance risks should be reviewed by the accountable Director every 6 months.
Managers- All Risks are recorded and reviewed off via Council's risk management system. The role of the Head Audit, Risk and Improvement is to review and report on these risks in accordance with the reporting hierarchy.	All operational and compliance risks	Managers review their operational and compliance risks assigned to them bi-annually

The Head Audit, Risk and Improvement is to coordinate the preparation of a quarterly risk status report with the assistance of the Co-ordinator Audit and Risk and submit it to the ARIC. The quarterly risk status report will at least contain details of:

- any risk management initiatives undertaken during the previous quarter
- any major incidents/claims that have occurred during the previous quarter
- the major inherent and residual risks facing the organisation and the controls in place to manage those risks
- progress in implementing key Risk Treatment Plans
- any issues that may have arisen as a result of the quarterly risk register review by Risk Owners

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6.8 Continuous Improvement

Council understands that improving risk management is a journey. It requires building a range of skills and capabilities across the organisation, enhancing processes, maintaining a strong risk aware culture and undertaking a range of repeatable risk management activities.

Documentation including policies, procedures, risk registers and systems relating to the risk management framework will be subject to periodic review. In particular the Head Audit, Risk and Improvement is to coordinate a review of the ERM Policy every four years (or earlier if there are any material changes in circumstances). The results of the review are to be reported to the Audit, Risk and Improvement Committee and ultimately the Council.

The Head Audit, Risk and Improvement must also review the ERM Strategy at least every 4 years and/or whenever there is a change to Council's risk profile or approach. Any changes will be submitted to the Executive and the Audit, Risk and Improvement Committee.

An Annual Risk Management Plan will be prepared in the last ARIC quarter prior to the end of the financial year. A quarterly report will be submitted to the ARIC in relation to the progress of its implementation.

The Executive Leadership Team will conduct an Annual Risk Management Self-Assessment of operation of the ERM framework each year. The outcomes of the self-assessment are provided to the ARIC.

Council will periodically assess its level of risk management maturity in accordance with good practice standards that include AS ISO 31000 and/or the NSW Treasury Risk Maturity Assessment Tool. The NSW Treasury Risk Management Maturity Assessment Tool aims to evaluate maturity levels (from fundamental to advanced) across a range of attributes important to risk management.

The assessment may be part of the periodic independent review of the risk management framework or a self-assessment. The results of the risk management maturity assessment will be reported to Council and ARIC.

Appendix A – Risk Review – Step by Step guide

Step 1 - Risk identification and description

Think "what can go wrong" in your area of responsibility. A risk is then described as *Risk statement (threat): (risk event) that results in (consequences/negative impact).* What can cause this risk? This could be one or multiple / different causes.

Relevant fields in risk register: Risk (Long Description)

Step 2 - What's the main consequence?

A risk's consequence could impact objectives that are financial, environmental, reputational, compliance & legal, people & safety and service delivery.

If a risk impacts multiple consequences, chose the highest impacted Risk Category consequence for your risk.

Relevant fields in risk register: Risk Category

Step 3 - Impacted areas

A risk may be unique for your area, but it may be a risk that applies to other departments as well. Chose the impact area:

- Council (a risk that applies to every department)
- Single department (a risk that only applies to your department)
- Multiple department (a risk that applies to a few departments but not the whole council)

Relevant fields in risk register: Division.

Step 4 - Inherent Risk/ Consequences / Likelihood

Inherent risk is the overall risk **before the application of any controls**. It is determined by combining the likelihood and consequence ratings. Ultimately, the level of inherent risk will determine how a risk is treated.

The **consequence** assessment is the effect or impact of a typical risk event. If multiple consequences are expected, the highest rating should be chosen.

The **likelihood** of occurrence is the probability of an event occurring. When considering the likelihood of a risk, both the probability and frequency of occurrence needs to be considered.

Relevant fields in risk register: Inherent Risk Rating.

Relevant supporting material: "Consequences", "Likelihood" in the "Risk Matrix".

Step 5 - Existing controls

Once the inherent risk has been determined, the current controls (people, systems and processes) that are in place to mitigate the risk need to be identified and considered. A control can reduce the likelihood and/or the consequence of a risk.

Relevant fields in risk register: Mitigating Control.

Step 6 - Control Effectiveness

Once current controls are identified, the control's effectiveness needs to be assessed to determine the residual risk. To determine control effectiveness, the quality of documented policies and procedures, adequacy of training, staff turnover, and recent issues needs to be considered.

Step 7 – Residual Risk / Likelihood / Consequences

Residual risk is the level of risk **after considering the effectiveness of existing controls.**

Relevant fields in risk register: Residual Likelihood, Residual Consequence, Residual Risk Rating (auto calculated).

Relevant supporting material: "Consequences", "Likelihood", "Risk Matrix".

Step 8 – Evaluate level of risk

Evaluate whether the level of residual risk is within risk appetite.

Relevant fields in risk register: Risk Appetite.

Relevant supporting material: Risk Appetite Statement.

Step 9 – Risk Treatment Plan

Where residual risk is evaluated as within risk appetite, no further or immediate action is required.

Where residual risk is evaluated as outside risk appetite, further escalation and action is required through risk treatment. The risk owner must escalate risks outside risk appetite with the proposed risk treatment plan to CEO. The CEO must determine whether the proposed risk treatment, including the time frame for implementation, is acceptable.

In some rare cases the CEO may determine to accept a Moderate, High or Extreme residual risk or risks outside risk appetite without further treatment where the cost of treatment exceeds the benefit and the objective being pursued is considered critical. In such cases, the reason for accepting the risk without further treatment must be documented and reported to Council.

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LIVERPOOL CITY COUNCIL.

Appendix B – Risk Appetite Statement

Purpose

The purpose of this Risk Appetite Statement is to establish some broad parameters around the amount and type of risk that Liverpool City Council is willing to take to meet its strategic and operational objectives. It provides guidance for management and elected representatives on how to approach the management and treatment of risks that are inherent in undertaking Council activities. The parameters of risk tolerance are not exhaustive and aim to guide management when making important decisions.

Context

As a local government authority, Liverpool City Council has an obligation to its stakeholders to ensure that it does not accept high levels of risk that might impact community wellbeing and amenity or the ongoing viability of Council. This is particularly relevant in the current economic and political environment where significant opportunities exist and there is a high level of uncertainty. Accordingly, Council generally has a moderate appetite to take risks that deliver benefits to the community but a low appetite for unmitigated risks across all of its operations and strategic objectives.

Risk Appetite

In managing risk, Risk Owners must ensure risks are mitigated to within risk appetite. If the level of risk is outside risk appetite, the Risk Owner must escalate to their Director and implement a detailed Risk Treatment Plan to reduce the risk rating to within risk appetite. Directors will review and monitor the implementation of the Risk Treatment Plan on a monthly basis.

If under the proposed Risk Treatment Plan the risk cannot be mitigated to within risk appetite, and the CEO is not prepared to accept the level of risk, the risk must be escalated to the Council for additional guidance and support.

Low	**A willingness to take on a limited level of risk necessary to achieve goals and objectives.** Council may operate in this area, or in this way, where the value is assessed as worthwhile, after risks have been effectively mitigated or uncertainty minimised.
Moderate	**A willingness to take on a moderate level of risk for benefits linked to goals and objectives.** Council may operate in this area, or in this way, after risks have been effectively mitigated to pursue benefits that enhance strategic outcomes or operational objectives.
High	**A willingness to take on higher levels of risk to maximise gains.** Council may operate in this area, or in this way, after all options are considered and the most appropriate option selected to maximise strategic or operational gains

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Risk Category	Context	Risk Appetite	Risk Tolerance
Financial	Council understands the financial risks involved in funding and maintaining infrastructure and transport projects to meet the needs of local business and support a growing population. Council is committed to maintaining a prudent, and disciplined approach to financial management in the receipt and expenditure of community monies to invest in delivering services to the community. Council has a moderate appetite for financial risk performance in pursuit of growth and innovation	**Moderate**	Council will **not** tolerate: ▪ Any financial fraud, theft, misuse or waste of council funds. ▪ Maladministration and poor financial decisions that leave a long-term liability/deficit or adverse financial implications. ▪ Deliberate breach of financial control procedures, short-cut in process, breach procurement guidelines or delegations. ▪ Large scale variations to major projects Council will tolerate: ▪ **Moderate** budget variations approved by the CEO that relate to unforeseen events, changing economic conditions, sudden change in government policy or to better meet community needs.
Environmental	Liverpool City Council recognises that protecting and valuing the natural environment is important to delivering a livable, sustainable and resilient city. Council is committed to environmental sustainability and recognises the importance waste management, urban design, planning and protecting of specific environmental features. Council has a moderate appetite for environmental damage arising from normal business activities.	**Moderate**	Council will **not** tolerate: ▪ Decisions, activities and practices that result in long term or irrevocable large scale environmental damage, threatens extinction of flora and fauna or is hazardous to human life. Council will tolerate: ▪ **Moderate** levels of unfounded criticism for decisions that promote ecologically sustainable development. ▪ **Moderate** short-term and **minor** long environmental impacts from uncontrollable or unforeseen events.

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Risk Category	Context	Risk Appetite	Risk Tolerance
Reputation	Liverpool City Council recognises the importance of protecting its reputation. Council strives for best practice processes and encourages community engagement and participation in decision making. Council understands that negative publicity may occur when making decisions in an environment where there are competing stakeholder priorities and interests. Council has a low tolerance for significant negative impacts on Council's reputation.	**Moderate**	Council will **not** tolerate: ■ Unethical, corrupt, unprofessional behaviour or failure to exercise respect and duty of care in accordance with council values. ■ Failure to meet community expectations of good governance and financial acumen. ■ Inadequate consultation with key stakeholder's that results in key stakeholders losing confidence in Council's capabilities. ■ Complaints that are not responded to in a prompt and professional manner. Council will tolerate: ■ **Moderate** level of incidents, isolated concerns and complaints that can be resolved by day-to-day management. ■ **Moderate** adverse media scrutiny to advocate issues for greater benefits to the community.
Legal & Compliance	Liverpool City Council is committed to ethical practices, doing the right things and upholding values expected by our community. Council has little or no appetite for significant breaches of legal obligations or contractual arrangements that result in fines, penalties or significant reputational damage.	**Low**	Council will **not** tolerate: ■ Deliberate or reckless breach of legal, regulatory obligations or contract arrangements. ■ Deliberate, reckless or repeated breaches of internal policies. ■ Failure to take action to prevent Modern Slavery in procurement. ■ Failure to address chain of responsibility for safety. ■ Acting contrary to expert/professional legal advice. Council will tolerate: ■ **Minor** impact of breaches that are unforeseen or due to unrealistic regulatory timeframes. ■ **Minor** isolated concerns and complaints that can be resolved by day-to-day management.
Service Delivery	Liverpool City Council promotes inclusion and delivers a range of community services, events and facilities. These services depend on systems, third parties and people. Council is committed to continuous improvement in order to ensure efficiencies, provide excellent	**Moderate**	Council will **not** tolerate: ■ Failure to meet our service commitments and community expectations. ■ Failure to escalate a major service outage/ incident to Executive Team within 2 hours ■ An interruption of essential front-line services over 3-5 days. ■ Failure to escalate Moderate impact project risks or variations.

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Risk Category	Context	Risk Appetite	Risk Tolerance
	service and enhance capabilities to enable the achievement of the Council's objectives. Council is prepared to take a moderate level of risk to enhance service delivery.		• Failure to proactively monitor and manage the cyber security framework. • Material control weaknesses not remediated within agreed timeframes Council will tolerate: • **Moderate** unforeseen service interruptions of up to 3 days where stakeholders are advised. • **Moderate** level disruption impacts to the community that are necessary to enable delivery of new or improved services or infrastructure. • **Minor** reputational impact of some one-off complaints regarding service quality. • **Minor** late project delivery due to unforeseen events or reprioritisation approved by the CEO. • **Minor** unforeseen or unavoidable project cost variations to meet community needs that has been approved by the CEO. • **Minor** variations of the overall delivery of annual capital works program including section 7.11 funded works that has been approved by the CEO.
People & Safety	Council aims to support safe and friendly communities and control hazards to make a safer workplace.	Low	Council will **not** tolerate: • Activities that put people at risk or compromise staff wellbeing, workplace and community safety. • Activities and practices that result in reasonably foreseeable and preventable fatalities, harm, serious injuries or illnesses to people. • Unsafe infrastructure / community assets not repaired or restored promptly. Council will tolerate: • **Minor** and unforeseen injuries that arise whilst undertaking normal activities. • **Minor** morale issues relating to improving workforce performance. • **Minor** staff grievances that can be dealt with through normal internal mechanisms.

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Appendix C – Risk Level Matrix

Risk Level Rating		Consequence				
		Very Low	Minor	Moderate	Major	Severe
Likelihood	Almost Certain	Moderate	Moderate	High	Extreme	Extreme
	Likely	Low	Moderate	Moderate	Extreme	Extreme
	Possible	Low	Low	Moderate	High	Extreme
	Unlikely	Low	Low	Moderate	Moderate	High
	Rare	Low	Low	Low	Moderate	Moderate

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Appendix D – Consequence Ratings

Categories	Consequence				
	Very Low	Minor	Moderate	Major	Severe
Financial	<$50k recurrent reduction in operating budget, one off loss of <$250k	$50k-$250k recurrent reduction in operating budget, one off loss of $250k-$1m	$250k-$1m recurrent reduction in operating budget, one off loss of $1m-$3m and 5-10% budget variation	$1m-$2m recurrent reduction in operating budget, one off loss of $3m-$10m and 10-15% budget variation	>$2m recurrent reduction in operating budget, one off loss of > $10m and >15% budget variation
Environmental	Minor effects on built & natural environment, breach of guidelines, perception of damage	Short term effects on built & natural environment, damage to a single property or parcel of land, breach of policy	Serious medium term effects on built & natural environment from single incident (eg one off pollution spill)	Significant long-term impact on built & natural environment	Very serious irreversible damage to environment and/or multiple sites or ecosystems, prosecution of Council
People & Safety	Localised raising of concerns by staff, incident or 'near miss'	Some short-term impact on staff morale, minor injuries or illness from normal activities treated by first aid	Minor breach of safety legislation, short duration lost time injury requiring minor medical treatment	Major localised impact on staff morale, breach of legislation, lost time injuries requiring major medical treatment	Major negative impact on staff morale, loss of life, major repeated breaches of WHS legislation leading to prosecution
Legal & Compliance	Minor non-compliance, complaint or isolated breach of compliance obligations resolved by day-to-day management	Minor breach of compliance obligations, isolated complaint or incident where there is a threat of legal action that can be resolved by management.	Technical breach of legislation resulting in small fines, warnings, breach notice etc., one off claims or legal matters requiring management attention	Major breach or systemic breaches leading to investigation by external agency. e.g. ICAC resulting in negative findings, fines or penalties.	Serious breach of legislation leading to high-scale regulatory action / investigation by external agency which may result in prosecution, dismissal of senior staff or appointment of administrator.
Reputation	One off insignificant adverse local media or public complaints	Heightened concerns from narrow group of residents, some media concern	Concerns from broad section of residents, major local media coverage (short duration), opportunistic fraud by a staff member	Significant adverse media at state level, significant & well publicised outcry from residents, long story life	Sustained negative state media coverage, widespread public outcry and loss of trust in Council, damage to reputation that takes many years to repair, investigation resulting in prosecution or sacking of Council
Service Delivery	Inconvenience with minimal or no adverse impact on service activities Scheduled interruptions Unscheduled interruptions for less than 4 hours	Some delays in meeting stakeholder requirements Inability to deliver critical programs and/or services for up to 3 days	Decline in council or supplier service level cause a disruption to stakeholders Inability to deliver critical programs and/or services for 3 and 7 days	Severe and widespread decline in services Inability to deliver critical programs and/or services for 7 and 14 days	Significant adverse impact on services visibly obvious to key stakeholders Inability to deliver critical programs and/or services for over 14 days

Appendix E - Likelihood Ratings

Likelihood	Description	Quantification
Rare	The event may occur but only in exceptional circumstances. No past event history.	Once every 50 years or more. Less than 10% chance of occurring.
Unlikely	The event could occur in some circumstances. No past event history.	Once every 20 years. Between 10% and 30% chance of occurring.
Possible	The event may occur sometime. Some past warning signs or previous event history.	Once every 5 years. Between 30% and 70% chance of occurring.
Likely	The event will probably occur. Some recurring past event history	Once a year. Between 70% and 90% chance of occurring.
Almost Certain	The event is expected to occur in normal circumstances. There has been frequent past history.	Several times a year. Greater than 90% chance of occurring.

Appendix F - Control Effectiveness Ratings

Effectiveness Rating	Description	Quantification
Not Effective	The control does not address risk	0%
Slightly Effective	The control is not reliable as it is not well designed, documented and/or communicated.	1-10% effective
Somewhat Effective	Control may be reliable but not very effective as control design can be improved.	11-30% effective
Reasonably Effective	Control is reliable but not effective as documentation and/or communication could be improved.	31-50% effective
Mostly Effective	The control is mostly reliable and effective. Documentation exists but can be better communicated.	51-70% effective
Very Effective	Control is reliable and effective. Fully documented process and well communicated.	91-100% effective

Appendix G – Risk Management Activities

Action	Description	Responsibility	Frequency
ERM Policy	Review the currency and effectiveness	Head Audit, Risk & Improvement, endorsed by CEO, recommended by ARIC approved by Board	Every four years
ERM Strategy	Review the currency and effectiveness	HARI, endorsed by CEO, recommended by ARIC approved by Board	Every four years
Risk Appetite Statement	Review the appropriateness for relevance and context	HARI, endorsed by CEO, recommended by ARIC approved by Board	Annually in conjunction with the annual planning process
Business Planning	Identify key risks that may impact on objectives as well as strategies and controls in place (or proposed) to manage those risks.	Executive Leadership Team supported by HARI	Annually
Annual Risk Management Plan	Document timing and responsibility of annual / periodic planned risk management and other activities to improve management of specific risks, the ERM framework or risk culture.	HARI, reported to Executive Leadership Team and ARIC for approval	Annually
Annual Risk Management Report	Detail risk management activities undertaken during the previous year and any relevant risk management issues.	HARI, provided to Executive Leadership Team and ARIC	Annually
Annual Performance Review	Ensure risk management performance of Risk Owners and people with responsibilities are assessed on a regular basis	Risk owners, Executive Leadership Team and CEO, reported to ARIC	Annually
Annual Risk Management Self-Assessment	Conduct annual self-assessment of risk management framework	Executive Leadership Team supported by HARI	Annually
Annual attestation by CEO	Publish in annual report an attestation indicating whether the organisation has complied with the risk management requirements	CEO, supported by HARI	Annually

Action	Description	Responsibility	Frequency
Annual Report	Publish in annual report ERM programme highlights	HARI and Report Writers	Annually
Delivery Plan	Document in the Delivery Plan the key risks involved.	HARI and Report Writers	As required
Contractor Induction	Communicate ERM Policy requirements for managing risk.	Contract administration	As required
Training Needs Analysis	Communicate risk management training needs to OD&L	HARI	As required
ELT Briefing	Meeting Delivery Plan requirements; ERM programme highlights, risks & issues briefing; policy changes	HARI	Bi-annually
ELT Risk Report	Report to ELT high/extreme risks, risks outside appetite and risk treatment plans overdue	HARI	Bi-annually
Team Meetings	Communicate to supervisors policy and procedural changes, identified risks and controls and training program	HARI	Monthly
Risk Implications Reporting	Include a risk implications section for all reports and business cases and plans considered by ELT and Board	Business Unit Manager, Executive Leadership Team	Ongoing
Risk Treatment Plans	Ensure that Risk Treatment Plans or Remediation are implemented in accordance with agreed timeframes	Business Unit Managers (risk owners) supported by HARI	Ongoing
Embed risk management in policy governance	Ensure activities performed to control and manage risks are documented in policies and procedures	Business Unit Managers, Executive Leadership Team supported by HARI	Ongoing
Risk management responsibilities	Ensure risk management responsibilities are included in position descriptions, employment contracts and performance management framework.	Chief People Officer, supported by HARI	Ongoing
Communication	Ensure staff are aware of relevant risk management issues.	CEO, Executive Leadership Team, supported by HARI,	Ongoing

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Action	Description	Responsibility	Frequency
Annual Risk Management Maturity Assessment	Conduct a self-assessment of risk management maturity using the Treasury Risk Maturity Assessment Tool	HARI with Executive Leadership Team with review by ARIC	Periodic
Independent Review	Comprehensive review by operationally independent, appropriately trained and competent persons	Internal Audit (or external expert) supported by HARI	Periodic
Risk assessments for major projects, etc	Conduct risk assessments as required for major new or altered activities, processes or events	Relevant Manager/ Risk Owner, supported by HARI	Prior to deciding to proceed with new project/ initiative
Incident Management	Review root cause analysis and identify common causes or risk themes for further investigation or remediation.	HARI	Quarterly
Standing Agenda Items	Ensure "Risk Management" is a standing agenda item for meetings including ARIC meetings, Executive Leadership Team meetings, and staff meetings.	CEO, Executive Leadership Team and Risk Owners (overseen by HARI)	Quarterly
Managers Team Meetings	Communicate to supervisors policy and procedural changes, identified risks and controls and training program	Managers	Quarterly
Quarterly Risk Reporting	Identify and review any risk issues arising from the quarterly risk review and the current status of key risks, incidents, risk treatment plans, remediation plans and other issues	HARI, reported to Executive Leadership Team and ARIC	Quarterly
Strategic Risk Registers	Review risks and controls contained in Strategic risk register and identify new or emerging risks	Executive Leadership Team supported by HARI	Quarterly in conjunction with Business Plan Review Process
Project Risk Registers	Review risks and controls contained in Project risk register and identify any required actions	Project Managers (risk owners), Executive Leadership Team supported by HARI	Quarterly in conjunction with Business Plan Review Process

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Action	Description	Responsibility	Frequency
Training	Ensure risk owners and other staff are aware of the risk management process and their obligations	HARI	Refresher every four years. Introduction for all new staff at induction. Ongoing professional training for risk personnel.
Directorate Risk Registers	Review risks and controls contained in the Directorate risk register and identify new or emerging risks	Directors (risk owners) supported by HARI	Six-monthly in conjunction with Business Plan Review Process
Business Unit Risk Registers	Review risks and controls contained in Business Unit risk register and identify new or emerging risks	Business Unit Managers (risk owners) supported by HARI	Six-monthly in conjunction with Business Plan Review Process
Toolbox Meetings	Communicate to team members policy and procedural changes, identified risks and controls and training program	Supervisors	Weekly

Appendix H - Glossary

Terminology	Definition
communication and consultation	continual and iterative processes that an organisation conducts to provide, share or obtain information and to engage in dialogue with **stakeholders** and others regarding the management of **risk stakeholder** person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity
consequence	outcome of an **event** affecting objectives
control	measure that is modifying **risk**
establishing the context	defining the external and internal parameters to be taken into account when managing risk, and setting the scope and **risk criteria** for the **enterprise risk management policy**
external context	external environment in which the organisation seeks to achieve its objectives
internal context	internal environment in which the organisation seeks to achieve its objectives
level of risk	magnitude of a **risk**, expressed in terms of the combination of **consequences** and their **likelihood**
likelihood	chance of something happening
monitoring	continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected
residual risk	risk remaining after risk treatment
review	activity undertaken to determine the suitability, adequacy and effectiveness of the subject matter to achieve established objectives
risk	effect of uncertainty on objectives
risk analysis	process to comprehend the nature of **risk** and to determine the **level of risk**
risk assessment	overall process of risk identification, risk analysis and risk evaluation

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risk attitude	organisation's approach to assess and eventually pursue, retain, take or turn away from **risk**
risk aversion	attitude to turn away from **risk**
risk criteria	terms of reference against which the significance of a **risk** is evaluated
risk evaluation	process of comparing the results of **risk analysis** with **risk criteria** to determine whether the **risk** and/or its magnitude is acceptable or tolerable
risk identification	process of finding, recognizing and describing **risks**
risk management	coordinated activities to direct and control an organisation with regard to **risk**
enterprise 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
Enterprise Risk Management Strategy	scheme within the **enterprise risk management framework** specifying the approach, the management components and resources to be applied to the management of **risk**
Enterprise Risk Management Policy	statement of the overall intentions and direction of an organisation related to **risk management**
risk management process	systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, **monitoring** and reviewing **risk**
risk owner	person or entity with the accountability and authority to manage the **risk**
risk profile	description of any set of **risks**
risk source	element which alone or in combination has the intrinsic potential to give rise to **risk event**
risk treatment	process to modify **risk**