Corporate Risk Management Policy

NOTE: Council regularly reviews and updates its policies. The latest controlled version can be obtained from the Policy Register on Council's intranet or by contacting Council's Corporate, Governance & Strategy Branch. **A hard copy of this electronic document is considered uncontrolled when printed.**

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1. POLICY STATEMENT

The *AS/NZS ISO 31000:2018* Risk Management Guidelines is to be applied in all activities to ensure that corporate risks associated with Council's strategic and operational objectives are identified and effectively integrated into all aspects of Council's functions and operations. This policy is to meet the requirements of the *Local Government Regulation 2012*.

2. SCOPE

This policy applies to all Council representatives and includes entities over which Council has direct ownership, management and/or financial control.

3. GENERAL INFORMATION

The objective of this policy is to maintain corporate risk management that incorporates principles to ensure the effective and efficient assessment, evaluation and treatment of Council's operational and strategic corporate risks. It also aims to establish the integration of corporate risk management practices and procedures into all organisational processes.

Effective corporate risk management will:

- Contribute to the achievement of strategic priorities as specified in Council's Corporate Plan;
- Facilitate open and transparent communication and consultation between Council representatives in defining aspects related to the identification, analysis, evaluation and treatment of strategic and operational risks to which Council is exposed;
- Enhance corporate governance by promoting a structured and systematic approach to Council's corporate risk processes;
- Promote a proactive and dynamic perspective in identifying, handling and monitoring emerging new risks; and
- Facilitate continual improvement of the organisation.

Council recognises the need for an organisation-wide corporate risk management process that will embody the assessment and prudent management of strategic and operational risks. Council will undertake the implementation of this policy to provide reasonable assurance that strategic and operational objectives will be achieved within a tolerable degree of residual risk.

3.1. Risk Appetite

Council's risk appetite is conservative whilst permitting effective and efficient operations. Council manages ten (10) interrelated categories of risk and accepts a low to moderate level of corporate risk delivering on the organisational values of honesty, respect, accountability, integrity and unity.

Risk Category	Appetite Descriptor	Appetite Rating
Workplace Health & Safety	Council will ensure that appropriate risk treatments and controls are maintained to ensure the residual risk remain low.	Low
Financial Impact	Council seeks to maintain its long-term financial viability and its overall financial strength. Council's appetite for financial risks is moderate. Council will ensure that appropriate risk treatments and controls are maintained to ensure the residual risk remain moderate.	Moderate
Legal & Regulatory	Council is committed to maintaining the highest standards of integrity, legislative compliance, and ethics. Council has a moderate appetite for any breaches in statue, regulation, professional standards, or ethics. Council will ensure that appropriate risk treatments and controls are maintained to ensure the residual risk remain moderate or lower.	Moderate
Environmental	Council's appetite for environmental responsibility is moderate. Council will ensure that appropriate risk treatments and controls are maintained to ensure the residual risk remain moderate.	Moderate
Infrastructure	Council has a moderate appetite for Infrastructure risk. Council will ensure that appropriate risk treatments and controls are maintained to ensure the residual risk remains moderate or lower.	Moderate
Asset, Property and Utilities	Council has a moderate appetite for Asset, Property and Utilities risk. Council will ensure that appropriate risk treatments and controls are maintained to ensure the residual risk remains moderate.	Moderate
Human Resources	Council has a moderate appetite for Human Resources risk. Council will ensure that appropriate risk treatments and controls are maintained to ensure the residual risk remains moderate.	Moderate
Fraud & Corruption	Council has low appetite for fraud or corruption risks perpetrated by its staff or Councillors. Council will ensure that appropriate risk treatments and controls are maintained to ensure the residual risk remain low.	Low
Service Delivery	Council has a low appetite for Service Delivery risk. Council will ensure that appropriate risk treatments and controls are maintained to ensure the residual risk remains low.	Low
Reputation / Political	Council has a moderate appetite for any risk which would impact negatively upon Council's or individual councillors' reputation or 'brand' which could lead to undue adverse publicity or could lead to loss of confidence by the community and its customers.	Moderate

Low	Insignificant/Minor consequence
Moderate	Moderate consequence
High	Major/Catastrophic consequence

It is the responsibility of Council representatives to identify and manage low and moderate risks as part of day-to-day operations. High and extreme corporate risks will be identified and managed through oversight by the Executive Leadership Team and the Corporate Risk & Audit Advisory Committee.

Council recognises that it is not possible or necessarily desirable to eliminate some of the risks inherent in its activities and therefore its overall risk appetite may change specific to identified projects or initiatives.

Variance in risk appetite for a specific project or initiative may be necessary due to a change of operating environments, resource availability and other external influences.

The variance will be identified and rationalised in the specific project / initiative plan.

Council will act in accordance with this corporate risk appetite statement to achieve operational and strategic objectives.

3.2. Commitment to corporate risk management

Council and the Senior Leadership Team view corporate risk management as an important and strategic initiative towards providing reasonable assurance that organisational objectives as indicated in the Corporate Plan/Annual Operational Plan will be achieved through the identification and efficient management of potential corporate risks. A commitment to effective corporate risk management will help Council attain long term sustainability and meet community expectations.

Good corporate risk governance will be promoted by encouraging a culture of prudent risk taking within the tolerable risk limits of the organisation when making informed decisions about opportunities.

3.3. Link between strategic priorities and corporate risk management

The policy establishes the link between the achievement of Council's strategic priorities, goals and objectives by integrating corporate risk management into all the organisational processes in a way that is relevant, effective and efficient. Corporate risk management will be embedded into policy development, business / strategic planning and review processes.

3.4. Accountability and responsibility

Corporate risk management is the responsibility of all Council representatives. Corporate risk management responsibilities will be incorporated in employee position descriptions.

Council has adopted a Corporate Risk and Internal Audit ('CRIA') Framework to indicate the specific accountabilities and responsibilities related to the corporate risk management process.

3.5. Resources

Appropriate resources such as people, skills, competence, experience, documented procedures and processes, information and knowledge systems shall be made available for the management of corporate risks.

3.6. Communication and consultation

This policy and key components of the CRIA framework will be properly communicated and disseminated to all stakeholders through internal and external communication and reporting mechanisms.

3.7. Quality assessment

Performance relating to the effectiveness and efficiency of the design and operation of the corporate risk management process will be measured and reported through internal and/or external evaluations and assessments conducted through the authority of the Corporate Risk and Audit Advisory Committee.

4. DEFINITIONS

Corporate Risk & Internal Audit ('CRIA') Framework means a disciplined and structured process that integrates corporate risk management and audit activities. This process ensures the 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 corporate risk.

Council representative means all Councillors and Council employees including permanent, casual and temporary employee, apprentices, trainees; contractors, volunteers, and work experience students.

Risk Appetite means the amount and type of corporate risk that Council is willing to accept in order to meet their strategic and operational objectives.

5. LEGISLATIVE REFERENCE

AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines
Local Government Regulation 2012 (Qld)

6. RELATED DOCUMENTS

South Burnett Regional Council Corporate Risk and Audit Advisory Committee Policy – Statutory022
South Burnett Regional Council Corporate Risk and Internal Audit Framework
South Burnett Regional Council Fraud and Corruption Prevention Management Policy – Statutory021
South Burnett Regional Council Internal Audit Policy – Statutory019

7. NEXT REVIEW

As prescribed by legislation or September 2023

8. VERSION CONTROL

Version	Revision Description	Adopted Date	ECM Reference
1	Development of policy	20 July 2011	1126985
2	Review of policy	17 April 2013	1588494
3	Review of policy	16 November 2016	2022470
4	Review of policy	21 February 2018	2462023
5	Review of policy	16 September 2020	2717830
6	Administrative change replacing Social & Corporate Performance Branch with Corporate Services Branch as per Council Resolution 2021/62	24 March 2021	2717830
7	Review of policy – update Corporate Risk Appetite	22 September 2021	2717830
8	Administrative amendment - organisational structure review – resolution 2022/432	27 April 2022	2717830

Mark Pitt PSM
CHIEF EXECUTIVE OFFICER

Date: 27 April 2022

APPENDIX ONE (1)

South Burnett Regional Council Corporate Risk Management Tools

South Burnett Regional Council Consequences Impact Matrix

Consequence	WHS	Financial Impact	Legal & Regulatory	Environmental	Infrastructure	Asset, Property and Utilities	People & Culture	Fraud & Corruption	Service Delivery	Reputation/ Political
Insignificant	No injury	Less than $5,000	Minor complaint/issue. No legal action against Council	Little impact Brief or non-hazardous transient damage	Meets all current & foreseeable regulation No damage/loss	Fully operational; no downtime	Staff issues cause negligible impact of day-to-day service delivery; Limited impact on staff morale	Risk of complaint, No legal action against Council No breach of legislation	Negligible impact on quality of service Brief interruption for several hours IT - Individual user experiencing fault for ≤ 1 working day but still operational	Issue promptly resolved No effect Single complaint
Minor	First aid treatment	$5,000 to <$50,000	Isolated complaint; cause threat of legal action with penalty up to $50,000; Minor delay to compliance with legislation	Minor damage or contamination Remote or temporary pollution	Meets all current regulations& with some modifications will meet future regulation Minor loss/damage	Downtime up to 1 day per year; still well maintained with early signs of wear and tear	Staff issues cause several days interruption of day-to-day service delivery Minimal impact on staff morale	Criminal offence Minor loss to Council < $1,000 Asset < $500 Cash	Service delivery affected but quality maintained Require staff redirection Intermittent service interruption from a day but not more than a week IT -Individual user experiencing faults and not operational for > 1 to ≤ 2 working days IT -Group, experiencing faults and not operational for ≤ 4 working hours IT -Organisation experiencing faults and not operational for ≤ 1 working hour	Minor local community concern manageable through good public relations
Moderate	Medical treatment Loss Time Injury Rehabilitati on – Return to work Plan	$50,000 to < $200,000	Significant level of complaints; cause high threat of legal action with penalty up to $300,000; Moderate delay to compliance with legislation	Moderate impact on the environment Damage requiring restitution or internal clean up	Meets all current regulation but does not meet foreseeable regulation Short - medium term loss of key assets and infrastructure Moderate damage	Up to 3 days out of service per year; functions normally with early signs of wear	Staff issues cause failure to deliver minor strategic objectives and temporary recoverable failure of day-to-day service delivery Moderate impact on staff morale	Breach of the Legislation Criminal offence Risk of Moderate loss to Council >$1,000 Asset >$500 Cash	Service delivery and quality temporarily impacted Temporary outsourcing of service Intermittent service interruption for a week IT - Individual user experiencing faults and not operational for > 2 working days to ≤ 3 working days IT-Group experiencing faults and not operational for > 4 to ≤ 8 working hours IT -Organisation experiencing faults and not operational for >1 to ≤ 4 working hrs	Loss of reputation with extensive local media coverage QAO and/or Information Commissioner involvement
Major	Serious injuries	$200,000 to $1,000,000	Civil and/or criminal lawsuit against Council with penalty up to $1,000,000; Major delay to compliance with legislation	Severe environmental impact Minor breach of legislation Significant contamination requiring third party clean up;	Meets some current regulations but does not meet foreseeable regulation Widespread, short-medium term loss of infrastructure Significant damage	Up to 5 days out of service per year; functions only with high level maintenance	Staff issues cause widespread failure to deliver several major strategic objectives and long-term failure of day-to-day service delivery Significant impact on staff morale	Breach of the Legislation Criminal offence Risk of Major loss to Council >$20,000	Service delivery at risk of cessation Prolonged and extensive outsourcing Long term failure causing lengthy service interruption IT - Organisation experiencing faults and not operational for >4 to ≤ 24 working hours	Loss of reputation with extensive State/Regional media Coverage CCC involvement
Catastrophic	Death	More than $1,000,000	Civil and/or criminal lawsuit against Council with penalty >$1,000,000 Unable to comply with legislation	Widespread environmental damage Major breach of legislation Extensive contamination requiring third party intervention	Does not meet current or future regulation Widespread, long term loss of substantial key assets and infrastructure Extensive damage	Not functioning; immediate replacement required	Staff issues cause continuing failure to deliver essential services Highly significant impact on staff morale	Breach of Legislation Criminal offence Risk of Significant loss to Council >$50,000	Service delivery terminated Permanent outsourcing of service Removal of key revenue generation IT - Organisation experiencing faults and not operational for >4 to ≤ 24 working hours	Permanent loss of reputation with extensive national media coverage Loss of power and influence restricting decision making capabilities

SOUTH BURNETT REGIONAL COUNCIL

Appendix 1 – Corporate Risk Management Tools

Control Rating	Definition Table B (2)
Excellent (E)	Systems, process controls, procedures in place and can be relied upon to prevent risk materialising
Good (G)	Systems, process controls and procedures in place and can be relied upon to mitigate or detect risk materialising in most circumstances
Moderate (M)	Majority of systems, process controls and procedures in place. Basic risks will be controlled some of the time. However, scope exists to improve controls
Weak (W)	Basic systems, process controls and procedures in place. No guarantee risk will be controlled.
Unsatisfactory (U)	Controls do not exist or else are not operating effectively. Risk will not be controlled.

Risk Category	Broad Definition **Table A**
Work Health and Safety (WHS)	Risks relating to the safety, work health and wellbeing of Council staff
Financial Impact (FI)	Risks associated with financial management and transactions having monetary impact
Legal & Regulatory (LR)	Risks that have potential to cause legal action against Council. Risks associated with non-compliance or delays in compliance with Acts and Regulations
Environmental (ENV)	Risks relating to the protection of the environment
Infrastructure (INFR)	Risks associated with the management and maintenance of Council's roads, bridges, depots, water & sewerage plants
Asset, Property and Utilities (APU)	Risks associated with physical assets other than those listed under infrastructure.
People & Culture (PC)	Risks relating to staff/personnel management (recruitment, engagement, training and development)
Fraud & Corruption (FC)	Risks relating to the fraud & corruption controls/prevention management systems and processes
Service Delivery (SD)	Risks associated with the delivery of Council services
Reputation/Political (RP)	Risks associated with possible event that may cause potential damage to Council's public image and reputation.

Likelihood	Consequences **Table B (1)**				
	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain *Is expected to occur a number of times in the next year.*	L-15	M-35	H-75	E-85	E-100
Likely *Will probably occur on one occasion in the coming year. 20%-90% probability the event will occur in the next year.*	L-10	M-30	H-65	E-80	E -95
Unlikely *Could occur at some time. 5% probability the event will occur in the next year.*	L-10	L-25	M-35	H -70	H-80
Rare *May occur only in exceptional circumstances*	L-5	L-20	M-30	H -60	H-75

Risk Evaluation/Appetite	Action Required **Table C**
E – Extreme risk H – High risk	Immediate/Prioritised corrective action; sign off by CEO and review by Audit Committee
M – Moderate risk L – Low risk	Manage by routine procedures and management practices; sign off by CEO

Risk Process → ***I** dentify* → ***A** ssess* → ***C** ontrol*

Step 1	**Establish the context** ➢ *External & internal context* ➢ *Risk management context*
Step 2 -Table A	**Identify the risk** ➢ *What, where and when can it happen* ➢ *Identify Risk Category*
Step 3 -Tables B(1);B(2)	**Analyse the risk** ➢ *Effectiveness of controls - refer to Control Rating* ➢ *Positive and negative consequences and likelihood of occurrence*
Step 4 -Table C	**Evaluate the risk** ➢ *Determine if the risk is acceptable or not based on risk tolerance*
Step 5 -Table D	**Control/treat the risk** ➢ *Select treatment options – refer to Risk Treatment* ➢ *Prepare and implement treatment plans*

Risk Treatment Options	**Table D**
Accept	Where the risk cannot be avoided, reduced or transferred. Usually likelihood and consequences are low
Control	Reduce the likelihood of occurrence or the consequences (e.g. implement procedures or internal controls)
Transfer	Shift all or part of the responsibility to another party (e.g. insurer)
Avoid	Decide not to proceed with the activity or project