

7 Presentation of officer reports

7.1 Recommendations of the Audit Committee Meeting held on 28 November 2018

Abstract

Council's Audit Committee held its most recent meeting on 28 November 2018. This report presents the recommendations of that Audit Committee meeting for consideration by Council. A schedule of reports and committee recommendations is presented as an attachment to this report.

Officers' recommendation

That Council resolve to adopt the resolutions recommended to Council contained in Attachment 1 (as annexed to the minutes) reflecting the recommendations from the Audit Committee meeting held on 28 November 2018.

Responsible director: Marilyn Kearney
Director Customer Experience and Business Transformation

1. Purpose

To present to Council the recommendations of the Audit Committee meeting held on 28 November 2018. A schedule of reports and committee recommendations is presented as an attachment to this report.

2. Policy implications and relevance to community plan and council plan

The Audit Committee Charter provides that recommendations of the Audit Committee are not binding until considered and adopted by Council.

As detailed in the Council Plan 2017-21 and the Boroondara Community Plan 2017-27. In particular Objective 7 “Ensure that ethical financial and socially responsible decision making reflects community needs and is based on principles of accountability, transparency, responsiveness and consultation”.

Strategy 7.2: Ensure transparent decision making through open governance processes.

Strategy 7.5: Ensure sound financial management while allocating resources to deliver strategic infrastructure and services that meet community needs

3. Background

This report aims to summarise the issues considered at the Audit Committee meeting held on 28 November 2018. The report is also intended to identify those matters requiring Council resolution and adoption and those matters that are presented to be “received and noted”.

Full copies of papers presented to the Audit Committee can be accessed by Councillors via the Councillor Portal. Assistance in locating these papers can be provided by the Governance unit.

4. Outline of key issues/options

As recorded in the minutes of the Audit Committee meeting held on 28 November 2018.

- A4.1 Standard Questions for Tabling at the Audit Committee Meetings
- A4.2 Business Arising
- A4.3 Year-end update and Audit Closing Report for the year ended 30 June 2018
- A4.4 Environmental Planning - Internal Audit Report
- A4.5 Purchasing, Supplier Management and Accounts Payable - Internal Audit Report
- A4.6 Internal Audit Update November 2018

- A4.7 Review of the Internal Audit Charter
- A4.8 Risk Management Framework and Strategic Risk Update November 2018
- A4.9 Reports to Parliament by Victorian Auditor-General's Office and other regulatory bodies
- A4.10 Audit Committee Administrative Matters

A summary of the content of the reports tabled and identification of the required Council action is contained in **Attachment 1**.

5. Consultation/communication

Not applicable.

6. Financial and resource implications

Council's operating budget provides funds for the Internal Audit Program and for implementation costs associated with these Audit recommendations.

7. Governance issues

Officers involved in the preparation of this report have no conflict of interest. The list of prescribed human rights contained in the Victorian Charter of Human Rights and Responsibilities has been reviewed in accordance with Council's Human Rights Compatibility Assessment Tool and it is considered that the proposed actions contained in this report present no breaches of, or infringements upon, those prescribed rights.

8. Social and environmental issues

The contents of this report are consistent with Council's desire to provide solid financial and governance frameworks to support the enhancement of urban environmental and social amenity.

9. Conclusion

This report presents to Council the recommendations of the Audit Committee meeting held on 28 November 2018.

Manager and report officer: Chris Hurley, Commercial and Property Services

**Summary of reports tabled at Audit Committee meeting held
28 November 2018**

Report No	Report Title	Summary of Content	Matters Arising	Recommended Council Resolution
A4.1	Standard Questions for Tabling at the Audit Committee meetings	Audit Committee Members were given the opportunity to: <ol style="list-style-type: none"> 1. Ask Auditors present, if their work had been obstructed in any way. Auditors present responded that no obstructions had been experienced. 2. Ask if there were any matters such as breach of legislation or practices that need to be brought to the attention of the Audit Committee. None were identified. 3. Request a discussion of any matter with the Auditors in the absence of management and other staff. No matters were identified. 	Nil	Council note the responses of Officers, Auditors and Members, to the standard questions outlined in this report.
A4.2	Business Arising	This report updated the Audit Committee on matters raised at previous meetings and provided follow up information on queries raised by Committee members. The Committee noted the actions taken in response to matters arising from the minutes of the previous meeting.	The Committee agreed to remove the Information Technology 'standing update' from future Business Arising reports as the matters covered will be reported in other reports presented by the Chief Information Officer.	Council note the actions taken in response to matters arising from the minutes of previous meetings as outlined in Attachment 1 (as annexed to the Audit Committee minutes).
A4.3	Year-end update and Audit Closing Report for the year ended 30 June 2018	This report updated the Audit Committee on events in relation to the year end audit of council's Annual Financial Statements and Performance Statement for the year ended 30 June 2018. The report	Mr Andrew Greaves, The Victorian Auditor-General to be invited to present the Audit Committee Meeting scheduled May 2019.	Council receive and note the report.

**Summary of reports tabled at Audit Committee meeting held
28 November 2018**

Report No	Report Title	Summary of Content	Matters Arising	Recommended Council Resolution
		noted that audit clearance was received from the Victorian Auditor-General and a copy of the final audit certification was tabled.		
A4.4	Environmental Planning - Internal Audit Report	<p>This report updated the Audit Committee on the outcomes of the review conducted by Internal Audit of progress of the Environmental Planning. The review was conducted in accordance with the Strategic Internal Audit Plan.</p> <p>The internal audit report identified a number of strengths in current processes and practices including the development of a structured and uniform approach for calculating carbon emissions, the use of a Business Case framework, the adoption of a number of relevant policies and the application of the Green Star rating system. The report also highlighted the Energy Performance Contract which will deliver energy and greenhouse gas savings with a guaranteed financial return.</p> <p>The report provided two recommendations to review and update the climate change risk assessment and to review and enhance Council's forecasting and reporting framework.</p> <p>Management agreed with the</p>	Nil	Council receive and note the report.

**Summary of reports tabled at Audit Committee meeting held
28 November 2018**

Report No	Report Title	Summary of Content	Matters Arising	Recommended Council Resolution
		findings and recommendations and will implement them by the agreed dates.		
A4.5	Purchasing, Supplier Management and Accounts Payable - Internal Audit Report	<p>This report updated the Audit Committee on the outcomes of the review conducted by Internal Audit of progress of the Purchasing, Supplier and Accounts Payable. The review was conducted in accordance with the Strategic Internal Audit Plan.</p> <p>The internal audit report identified a number of strengths in current processes and practices including monitoring and reporting of Masterfile changes, electronic invoicing and receipting, documented Accounts Payable procedures and strong controls over the use of purchasing cards. The report recommended management investigate further exception reporting, implement telephone verification of new supplier details, amend the finance system GST treatment to align with authorised delegations and consider further technological enhancements to reduce manual processes.</p> <p>Management agreed with the findings and recommendations and will implement them by the agreed dates.</p>	<ul style="list-style-type: none"> Internal auditors Pitcher Partners to review internal audit reporting template including assessment against items noted in the scope. The Committee requested the summary of content to be presented to Council note the Internal Audit risk assignment of 'moderate' and the maturity assessment of processes deployed as 'established'. 	Council receive and note the report.

Summary of reports tabled at Audit Committee meeting held 28 November 2018

Report No	Report Title	Summary of Content	Matters Arising	Recommended Council Resolution
A4.6	Internal Audit Update November 2018	This report updated the Audit Committee on the 2018-19 Internal Audit Plan and provided a status report on the implementation of recommendations from prior Internal Audit reports.	The Committee suggested future consideration be given to amending the format and content of matters included in this report.	Council receive and note the report.
A.4.7	Review of the Internal Audit Charter	The Committee reviewed the Internal Audit Charter 2018. The Committee resolved to endorse the Internal Audit Charter.	Nil	Council receive and note the report.
A.4.8	Risk Management Framework and Strategic Risk Update November 2018	This report updated the Audit Committee on the status of Risk Management activities undertaken during the reporting period, the review and update of the Risk Management Framework including a Maturity Assessment, the development of a Risk Management Action Plan and an update on Council's current Strategic Risk Profile (comprising the Strategic Risk Matrix and Strategic Risk Register).	<ul style="list-style-type: none"> • The Committee noted an update on the implementation of the Risk Management Action Plan will be provided at the Audit Committee Meeting in May 2019 and requested the update include advice on steps taken to enhance Council's Risk Management culture. • The Committee requested, where relevant, future Internal Audit reports refer to Council's Strategic Risks and assess the strength of noted controls over these risks. • The Committee requested an update on Council's Risk Appetite be provided to the May 2019 meeting. 	That Council adopt the Risk Management Framework (Appendix 1) .
A4.9	Reports to Parliament by the Victorian Auditor-General's Office and other regulatory bodies	This report updated the Audit Committee on reports presented to State Parliament by VAGO and other regulatory bodies that have a	Nil	Council receive and note the report.

**Summary of reports tabled at Audit Committee meeting held
28 November 2018**

Report No	Report Title	Summary of Content	Matters Arising	Recommended Council Resolution
		<p>local government impact or context.</p> <ul style="list-style-type: none"> • Local Government Insurance Risks. • Managing the Municipal and Industrial Landfill Levy. • Follow up of Oversight and Accountability of Committees of Management. • Delivering local Government Services • Stat Purchase Contracts • Security and Privacy of Surveillance Technologies in Public Places. <p>No required changes to current systems, policies or processes have been identified.</p>		
A4.10	Audit Committee Administrative Matters	<ol style="list-style-type: none"> 1. The Audit Committee noted that the recommendations from the previous Audit Committee meeting of 22 August 2018 had been reviewed and endorsed by Council at the Council meeting held 24 September 2018. The appropriate Council report and minute was provided to the Audit Committee. 2. The Audit Committee reviewed progress against the 2018-19 Audit Committee Annual Plan noting that all required activities to date have been completed. 3. The Audit Committee was updated on the progress of the 	Nil	Council receive and note the report.

**Summary of reports tabled at Audit Committee meeting held
28 November 2018**

Report No	Report Title	Summary of Content	Matters Arising	Recommended Council Resolution
		<p>September 2018 Quarterly Performance Report (QPR).</p> <p>4. The Audit Committee reviewed the minutes of the Business Enterprise Risk Committee (BERC).</p> <p>5. The Audit Committee was provided with a copy of the Chair's annual address to Council which took place on Monday 22 October 2018.</p> <p>6. Self-Assessment Survey was distributed to members. Analysis of responses to be presented to March 2019 meeting</p>		

Appendix 1

Risk Management Framework

2018

Responsible Directorate: Customer Experience and Business Transformation

Authorised by: Council

Date of adoption: February 2019

Review date: May 2021

Revocation/sunset date: Nil

Policy type: Council

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Terminology

Risk management Definitions	
Consequence	The outcome of an event affecting objectives.
Control	The measure that maintains or modifies 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.
Event	The occurrence or change of a particular set of circumstances.
External context	The external environment in which the organisation seeks to achieve its objectives.
Internal context	The internal environment in which the organisation seeks to achieve its objectives.
Likelihood	The chance of something happening.
Monitoring	Continual checking, critically observing or determining status in order to identify change from the performance level required or expected.
Operational Risk	Operational risks are linked to the Business Plan objectives and take into consideration risks which will prevent Departments from delivering their annual business plans and ongoing services to the community
Residual risk	The risk remaining after risk treatment.
Risk	The effect of uncertainty on objectives.
Risk analysis	The process to comprehend the nature of risk and to determine the level of risk.
Risk assessment	The overall process of risk identification, risk analysis and risk evaluation.
Risk attitude	The organisations approach to assessing and eventually pursuing, retaining, taking or turning away from risk.
Risk criteria	The terms of reference against which the significance of a risk is evaluated.
Risk evaluation	The process of comparing the results of a risk analysis with the risk criteria to determine whether the risk and/or its magnitude are acceptable or tolerable.
Risk identification	The process of finding, recognising and describing risks.
Risk management	The coordinated activities to direct and control an organisation with regard to risk.

Risk management process: definitions	
Risk management framework	The components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk management policy	The statement of overall intention and direction of an organisation related to risk management.
Risk management process	The systematic application of management policies, procedures and practices for the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Risk owner	The person or entity with the accountability and authority to manage a risk.
Risk profile	The description of any set of risks.
Risk source	Element which alone or in combination has the potential to give rise to risk.
Risk treatment	The process to modify risk.
Stakeholder	A person or organisation that can affect, be affected by or perceive themselves to be affected by a decision or activity.
Strategic Risk	Strategic risks are the risks that have the potential to influence the achievement of objectives outlined in the Council Plan.
<i>Reference: ISO 31000:2018 Risk management — Guidelines.</i>	

Section One: Risk Management Framework Overview

1.1 Introduction

The purpose of the risk management framework is to assist the organisation with integrating risk management into significant activities and functions, enterprise-wide. The framework can be used throughout the life of the organisation and can be applied to any activity, including decision-making at all levels.

The Framework provides guidance on the arrangements for designing, implementing, monitoring and continually improving risk management, and outlines the drivers, principles, objectives and risk process.

Section 1: provides an outline of the risk management principles and how they apply to the organisation, the drivers of risk management, mandate and commitment, objectives, and summarises the design of the integrated Risk Management Framework.

Section 2: provides an overview and description of the Risk Management Framework features.

Section 3: provides the risk assessment process, guidelines and tools to support enterprise risk management practices and decision making.

This Risk Management Framework has been developed with input and review from the Executive Leadership Team, the Senior Leadership Team (SLT), Audit Committee, and Business Enterprise Risk Committee.

1.2 Risk Management Influences

Risk management is integral to good governance and good management.

Development of this framework has referenced a number of key legislative influences as appropriate including:

- *Local Government Act 1989*
- *Equal Opportunity Act 2010*
- *Planning and Environment Act 1987*
- *Public Health and Wellbeing Act 2008*
- *Occupational Health and Safety Act 2004*
- *Child Wellbeing and Safety Act 2005*
- *Protected Disclosure Act 2012*
- *Charter of Human Rights & Responsibilities Act 2006*
- *Ombudsman Act 1973*
- *Privacy and Data Protection Act 2014*
- *Road Management Act 2004*
- *Building Act 1993*
- *Wrongs Act 1958*
- *Emergency Management Act 2013*
- *Independent Broad-based Anti-corruption Commission Act 2011*

- *Fair Work (Commonwealth Powers) Act 2009*

Key **governance** influences require Council and the executive to work towards:

- **Accountability** by reporting, explaining and being answerable for the consequences of decisions on behalf of the community it represents.
- **Transparency** by providing avenues for people to follow and understand the decision making process.
- **Following the rule of law** by ensuring decisions are consistent with relevant legislation or common law and are within the powers of council.
- **Responsiveness** by servicing the needs of the entire community while balancing competing interests in a timely, appropriate and responsive manner.
- **Equity and inclusion** to accommodate community input into Council's decision-making process.
- **Participation** where by community members have the opportunity to participate in the process of decision making where appropriate through consultation and feedback.
- **Monitoring and reporting** supports the continuous improvement targets within the framework.

Key **external assurance** influences include:

- **Auditor-General:** The Auditor-General is an independent officer of the Victorian Parliament, appointed to examine the management of resources within the public sector on behalf of Parliament and Victorians. The Victorian Auditor General's Office conducts both financial and performance audits.
 - (a) **Financial:** A financial audit provides assurance that the financial statements of an entity present fairly the financial position, cash flows and results of operations for the year, in accordance with relevant financial reporting frameworks and standards.
 - (b) **Performance:** A performance audit assesses whether an agency is meeting its aims effectively, using its resources economically and efficiently, and complying with legislation.
- **Ombudsman Victoria reviews:** The Ombudsman is an officer of the Victorian Parliament and has the power to investigate decisions, actions and conduct of Victorian government departments and statutory bodies and employees of local government (councils). The Ombudsman investigates complaints about administrative actions and decisions taken by government authorities and about the conduct or behaviour of their staff.

Key **internal** influences include:

- Council Plan 2017-21;
- Annual Business Plan;
- Staff and Councillors Code of Conduct;
- Audit Committee;
- Internal Audit;
- Business Enterprise Risk Committee (BERC);
- Frameworks (staff capability, accountability, planning);
- Standards.

1.3 Risk Management Guidelines

The Risk Management Framework is aligned to the ISO 31000:2018 Risk management-Guidelines (**Guidelines**). The guidelines are driven by a set of principles and are supported by a risk management framework and a risk management process. The Guidelines provide a common approach to managing any type of risk and is not industry or sector specific.

The Risk Management Framework is aligned to the ISO 31000:2018 Risk Management - Guidelines (Guidelines).

The Guidelines were recently reviewed by the ISO (Technical Committee ISO/TC 262, Risk Management) and adopted in February 2018. The revised guidelines cancel and replace the first edition ISO 31000:2009.

The main updates compared to the previous edition are as follows:

- review of the principles of risk management, which are the key criteria for its success;
- highlighting of the leadership by top management and the integration of risk management, starting with the governance of the organisation;
- greater emphasis on the iterative nature of risk management, noting that new experiences, knowledge and analysis can lead to a revision of process elements, actions and controls at each stage of the process;
- streamlining of the content with greater focus on sustaining an open systems model to fit multiple needs and contexts.

The revised Guidelines have informed Councils review of the Risk Management Framework 2018, and changes above have been reflected herein.

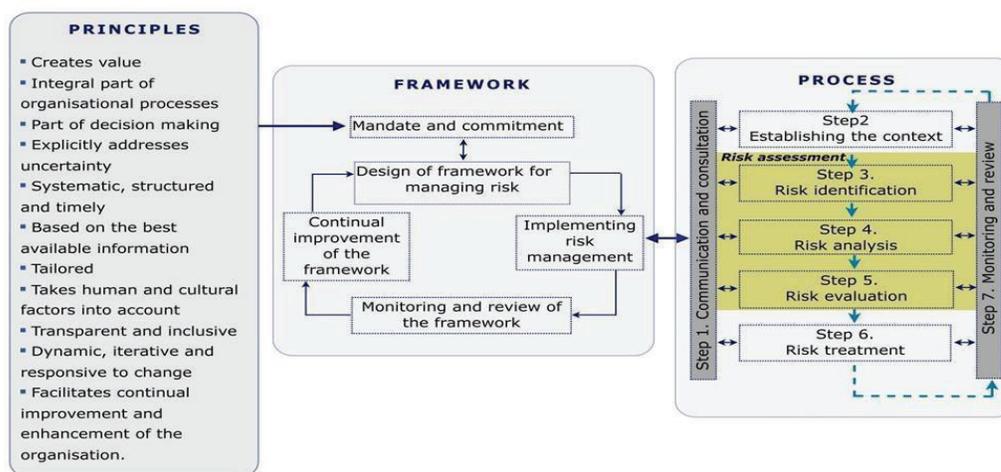


Figure 2 - Risk Management Guidelines

1.4 Risk Management Principles

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives.

The risk management principles which guide our Risk Management Framework have been aligned to the Principles outlined in the Guidelines.

Effective risk management requires the elements of Figure 3 and can be further explained as follows:

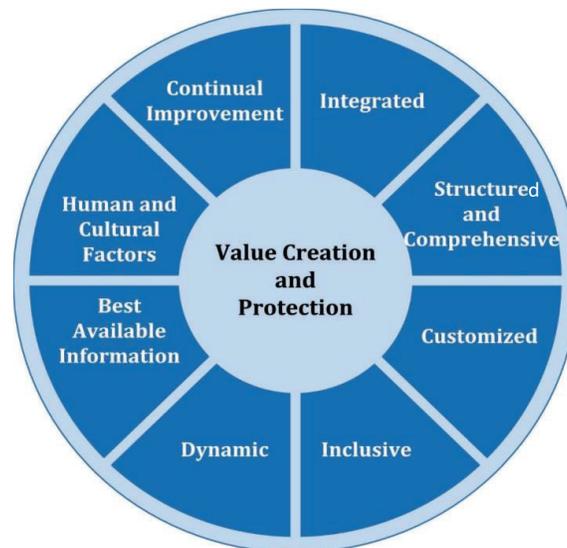


Figure 3 - Risk Management Principles

a) **Integrated**

Risk management is an integral part of all organisational activities.

b) **Structured and comprehensive**

A structured and comprehensive approach to risk management contributes to consistent and comparable results.

c) **Customised**

The risk management framework and process are customised and proportionate to the organisation's external and internal risk sources related to its objectives.

d) **Inclusive**

Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.

e) **Dynamic**

Risks can emerge, change or disappear as an organisation's external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.

f) Best available information

The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.

g) Human and cultural factors

Human behaviour and culture significantly influence all aspects of risk management at each level and stage.

h) Continual improvement

Risk management is continually improved through learning and experience.

1.5 Risk Management Framework Objectives

The key **objectives** of the Risk Management Framework are to:

- Support the Boroondara Community Plan (BCP) 2017- 27, our key strategic document. The BCP guides our decision making and directly informs the Council Plan 2017-21, our annual budgets, strategies, policies and actions. Of particular relevance is:

‘Civic Leadership and Governance Strategic Objective 7: Ensure that ethical, financial and socially responsible decision making reflect community needs and are based on principles of accountability, transparency, responsiveness and consultation’.

- Additionally, this policy supports Council’s Vision by addressing the following objective in the Council Plan 2017-21:
 - ‘Ensure Council is open, transparent, inclusive and accountable to the community by having sound processes for making and implementing decisions’.
 - Embed a commitment to the Risk Management Framework.
 - Document accountability for the management and reporting of risks.
 - Support a consistent Risk Management Framework consistent with the Guidelines.

1.6 Risk Management Framework Maturity

In 2015, Council committed to a path of continuous improvement to deliver and embed an optimum Risk Management Framework within our organisation to equip the business with the right skills and capabilities to manage risk to achieve our strategic aims as documented in the Council Plan. In the ever changing landscape, our Risk Management Framework not only needs to be robust, but resilient, capable of managing risks and threats within agreed tolerances in order to meet our customer expectations – day after day. Council continues to improve in its realisation of a mature and ‘integrated’ Enterprise - wide Risk Management Framework.

The 2015 Framework contained the following goal:

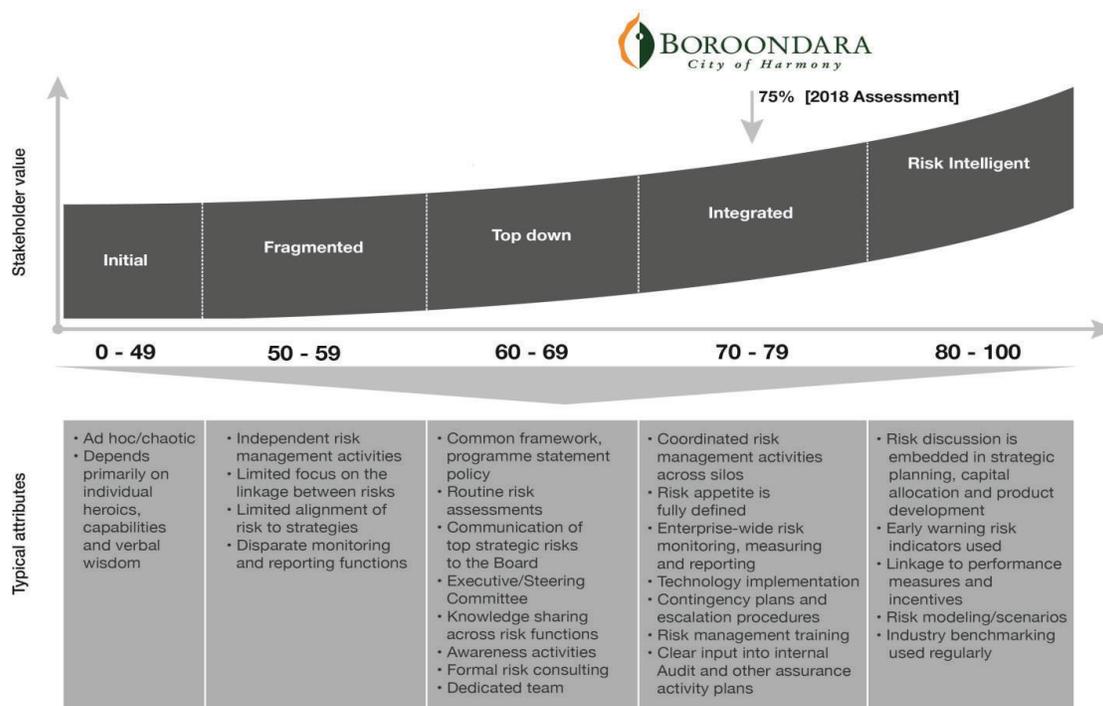
‘Over the next three years, the City of Boroondara are working towards maturing their Enterprise Risk Management Framework to a risk maturity level of integrated’.

At the November 2017 Audit Committee meeting the Audit Committee suggested management complete a self-assessment to determine if this goal had been achieved.

Management has used the Institute of Internal Auditors (IIA) Practice Guide: ‘Assessing the Adequacy of Risk Management using ISO 31000 to inform and guide the Self-Assessment. This IIA Practice Guide provides a ‘Maturity Model’ approach which has been followed in the self-assessment review.

The maturity model approach builds on the assertion that the quality of an organisation’s risk management process should improve with time. Immature systems of risk management often operate as a ‘compliance function’, more concerned with the reporting of risks than with their effective treatment. By comparison, effective risk management processes are developed over time, with additional value being provided at each step in the maturation process.

The IIA Practice Guide contains the following Enterprise-wide Risk Management maturity assessment scale:



A Self-assessment using this scale has been conducted across the eight risk management principles contained in ISO31000 and documented above at 1.4 Risk Management Principles.

The extent to which an organisation implements the following key elements of an Enterprise - wide Risk Management system will assist in the determination of its maturation status:

- The risk management process has been applied appropriately and all elements of

the process are suitable and sufficient.

- The risk management process is in keeping with the strategic needs and intent of the organisation.
- All significant risks have been identified and are being treated.
- Controls are being correctly designed in keeping with the objectives of the risk management process.
- Critical controls are adequate and effective.
- Review by line management and other non-audit assurance activities are effective at maintaining and improving controls.
- Risk treatment plans are being executed.
- There is appropriate and as-reported progress in the risk management plan.

Outcome of self-assessment

The preliminary self-assessment score of 30/40 (75%) places Council's risk management processes within the 'Integrated' sector of the maturity assessment scale.

The self-assessment highlights an opportunity to focus the future action plan to be contained within the 2018 Framework on improving Council's risk management performance across those ISO principles that have received a self-assessment score of 'three'. The action plan to advance these principles to a self - assessed score of 'four' is included in **Attachment B**.

Section Two: Risk Management Framework Key Elements

The purpose of this section of the Risk Management Framework is to provide an overview of the Framework's six key elements and how they apply to Council.

2.1 Risk Culture

Our organisational culture is the behaviours, values and beliefs that are shared by the people within the organisation. Risk culture is fundamental to supporting governance, stakeholder confidence, trust and compliance with relevant legal and regulatory requirements for improving the control environment, the operational effectiveness and efficiency and the identification of opportunities and threats.

Risk is implied within legislation, governance, service delivery, policy, planning, priority setting and risk criteria tools. The management of risk is the responsibility of all staff and this requirement is included in all position descriptions. The conduct of Employee Surveys informs assessment of our organisational culture.

2.2 Risk Governance and Accountability

Our risk management accountability framework is aligned to our existing accountability requirements and summarised in **Table 1**.

Table 1: Risk Management Accountability Structure

Role	Responsibilities
Council	<ul style="list-style-type: none"> Adopt a Risk Management Framework that complies with the requirements of 31000:2018 and review and amend the Policy as required. Adopt the Risk Management Framework for the Council. Be satisfied that risks are identified, managed and controlled appropriately to achieve Council's Strategic Objectives. Appoint and resource the Audit Committee. Provide adequate budgetary provision for the financing of risk management including approved risk mitigation activities. Periodically review Council's risk appetite.
Chief Executive Officer	<ul style="list-style-type: none"> The Chief Executive Officer is accountable for the implementation and maintenance of The Risk Management Framework. The Chief Executive Officer is responsible for raising awareness and leading the culture of managing risk responsibly across the organisation.
Executive Leadership Team (ELT)	<ul style="list-style-type: none"> Promote and champion a strong risk management culture by linking and embedding risk management, and maintaining organisational risk focus across Council. Manage and monitor the Strategic risks. Ensure that an effective risk control environment is implemented and maintained. Ensure that risks are considered and integrated into corporate and business planning processes. Participate in the review and updating of the organisation's Strategic risk profiles. Ensure that accountabilities for managing risks are clearly defined.

Role	Responsibilities
Audit Committee	<ul style="list-style-type: none"> • The Audit Committee is appointed by Council as an advisory Committee to oversee and monitor: <ol style="list-style-type: none"> 1. Issues relevant to the integrity of Council's financial reporting framework; 2. Risk Management Framework and policies, internal control frameworks, compliance and internal audit activity; as well as 3. Meeting with External and Internal Auditors and Management. • Constituted to monitor and report on the systems and activities of Council in regard to: <ul style="list-style-type: none"> – Reliable internal and external financial reporting – High standards of corporate governance – Appropriate application of accounting policies. – Compliance with applicable laws and regulations. – Risk management including fraud prevention strategies. – Effective and efficient internal and external audit functions. – Measures to provide early warning of any issues affecting Council's financial well-being. – The level and effectiveness of Business Continuity and Disaster Recovery planning. – Maintenance and fostering an ethical environment. – Information and Communications (ICT) governance and usage – Internal control framework including policies and procedures as they apply to financial reporting and management policies. – Review of processes for the identification, nature, extent and reasonableness of related party transactions.
Business Enterprise Risk Committee (BERC)	<ul style="list-style-type: none"> • The purpose of the BERC is to monitor Council's approach to Risk Management as outlined in the Terms of Reference and to provide advice and recommendations to the Executive Leadership Team. • To oversee the strategic direction of the enterprise Risk Management Framework. • Make recommendations in relation to risk policies and procedures. • To review recommendations of VAGO and Internal Audits and identify appropriate actions as required. • To monitor completion and implementation of Risk Mitigation Improvement Strategies. • To monitor and ensure the accuracy of the Strategic risk register. • Monitor and report to ELT regarding the implementation of the Risk Management Framework. • Monitor Council's insurance portfolio and identify any potential exposures. • Provide advice to management on the resolution of the organisation's high risk issues as identified. • Assist in the resolution of issues referred to the Committee for consideration. • Monitor Business Continuity Planning programs across Council. • Oversee and Monitor Risk Management Framework Action Plan Implementation Timeline.

Role	Responsibilities
Internal Auditor	<ul style="list-style-type: none"> • The Internal Auditor reports to the Audit Committee for functional purposes and to the Director Customer Experience and Business Transformation for administrative purposes in carrying out all Internal Audit activities. • The scope of the Internal Audit function over the period of an internal audit planning cycle of 3 or 4 years, shall encompass: <ul style="list-style-type: none"> – The examination and evaluation of the appropriateness and effectiveness of key internal controls, risk management, fraud control frameworks and governance. – Compliance with Council's Code of Conduct. – The examination of compliance with legislative requirements and City of Boroondara policies and procedures. – Assessment of the reliability and integrity of information. – Assessment of controls in place to safeguard assets. – Any special investigations as directed by the Chief Executive Officer or Director Business Experience and Business Transformation or recommended by the Audit Committee. – Assisting management to identify the risks of fraud and recommend prevention and monitoring strategies. – Providing recommendations and input on the development of new programs and processes and/or significant changes to existing programs and processes, including the design of appropriate internal controls, where required. – Assisting management to identify risks and recommend risk mitigation and monitoring strategies as part of the risk management framework. – Monitoring and reporting on the implementation of risk mitigation strategies.
Risk and Assurance Team	<ul style="list-style-type: none"> • The Risk and Assurance Team are responsible for reporting enterprise wide Strategic Risks and status of Risk Mitigation Improvement Strategies to the BEREC. • Responsible for escalating new and emerging 'Extreme' risks to the ELT and Audit Committee if required. • Maintain awareness and knowledge of new and emerging risks and arrange insurance where exposure is not adequately mitigated by the business. • Oversee the review and implementation of the Risk Management Framework, including training and awareness across the organisation. • Advise and assist Management with Risk Management issues.
Managers	<ul style="list-style-type: none"> • Managers are accountable for implementing the Risk Management Framework and methodology including ensuring the identification, documentation, review and update of organisational risks. • Ensure that assets and operations, together with liability risk to the community, are adequately protected through the implementation of Risk Mitigation Improvement Strategies. • Provide Risk Management related information as requested by their Directorate. • Responsible for raising awareness and leading the culture of managing risk responsibly across the organisation.

Role	Responsibilities
Team Leaders and Coordinators	<ul style="list-style-type: none"> • Advising of any risk management matter that should be included in Strategic Business Planning. • Are responsible for raising awareness and leading the culture of managing risk responsibly across the organisation by assisting with the implementation of risk management policies, procedures, standards, guidelines and risk treatment plans.
All staff	<ul style="list-style-type: none"> • All employees are responsible for applying risk management practices in their business activities. Including: <ul style="list-style-type: none"> – Systematically identifying, analysing, evaluating and treating risks. – Maintaining awareness of current and potential risks that relate to areas of responsibility. – Risk management practices and treatments are regularly reviewed and monitored. – Risk management reporting is appropriately undertaken. – Advice to Managers of any risk issues believed to require attention. – Documentation and escalation of new and emerging risks.

2.3 Risk Management Resources and Planning

Risk management resources and planning are embedded within existing processes and operate on a number of levels. A summary of our integrated approach to resources and planning is outlined below:

- Our approach to enterprise risk management is aligned to our strategic and business planning frameworks. Strategic risks are overseen by BERC and operational risks are identified and monitored as part of our annual business planning cycle.
- Our risk register is enabled by a licensed enterprise risk information system 'Riskware'.
- Our maturity and performance can be measured against our integrated risk management performance indicators.
- Our continual improvement program is outlined in the risk management action plan. The risk management action plan requirements are reviewed annually. The risk management action plan is provided as **Attachment 2**.
- Responsibility for risk management is outlined in our Risk Management Accountability Structure (Refer to Table 1).
- Risk management resources are embedded within all Departments across all functions.
- Leadership and responsibility for specialist related risk areas are overseen by Departmental Managers.

2.4 Risk Management Process

Risk is the effect of uncertainty on objectives. The risk management process takes into account risk from a number of perspectives: **strategic, operational and emerging**.

Strategic risk

Strategic risks are the risks that have the potential to influence the achievement of objectives outlined in the Council Plan 2017-21. Strategic risks should be few in number and are the critical risks for the organisation and considered in the same time horizon as the Council Plan. The Council Plan 2017-21 describes the vision and strategic objectives of the elected Council based on the following key themes:

- Your Community, Services and Facilities;
- Your Parks and Green Spaces;
- The Environment;
- Neighbourhood Character and Heritage;
- Getting Around Boroondara;
- Your Local Shops and Businesses; and
- Civic Leadership and Governance.

The strategic risks are annually reviewed by BEREC and ELT. An annual update is provided to the Audit Committee. A summary of the strategic risks are provided as **Attachment C**.

Operational risk

Operational risks are linked to the Business Plan objectives and have the potential to influence the achievement of departmental objectives outlined in the Council Plan. All Operational Risks are linked to the Strategic Risk profile. The Council Plan details the actions that will be undertaken in support of the Council Plan objectives. It details how the strategic objectives will be delivered. Each Department is required to undertake a risk assessment in accordance with this Framework to determine the risks in meeting its delegated statutory obligations and stated objectives. This process is incorporated into the annual business planning process.

Emerging risk

Emerging risks are newly developing or changing risks and therefore by their nature are difficult to identify and evaluate. Characteristics of emerging risks commonly include a high level of uncertainty, lack of consensus, difficult to communicate, difficult to assign ownership and can be business practice issues. The BEREC has a standing agenda item to review emerging risks as part of the quarterly meeting cycle. As required the emerging risks will be escalated for discussion to ELT.

2.5 Risk Assurance

The Risk Management and Assurance program operates on a number of levels from management reviews to internal and external reviews.

Management reviews: These reviews are initiated by management to inform and to provide advice to management about the organisation.

Audit services: The internal audit program is overseen by the Commercial and Property Services Department. The internal audit plan is developed with consideration to the Strategic and Operational business risk profile. The internal audit program is designed as a rolling three year plan based on risk against which Internal Audit is to prepare audit reports for the Audit Committee's consideration. These audit reports are to also include, where applicable, management responses, accountabilities and timelines for corrective actions. This plan shall detail the nature and timing of reports to be presented to the Audit Committee and to Council and will reflect the priorities and functions of the Audit Committee as detailed in their Charter.

External reviews: These reviews are conducted by an agency external to Council. Typically the agencies which currently conduct independent reviews are the Victorian Auditor General's Office and Ombudsman Victoria. A brief overview of the role of their offices is provided below.

Victorian Auditor General's Office: The Auditor-General is an independent officer of the Victorian Parliament, appointed under legislation to examine, on behalf of Parliament and the Victorian taxpayers, the management of resources

within the public sector. The independence of the Auditor-General is enshrined in Victoria's Constitution Act 1975. This aims to ensure that findings that arise from financial statements and performance audits are communicated to Parliament. The Audit Act 1994 is the main legislation governing the powers and functions of the Auditor-General. The Council is subject to financial and performance audit reviews. The Commercial and Property Services Department is the conduit between the Victorian Auditor-General's Office.

Ombudsman Victoria reviews: The Ombudsman is an officer of the Victorian Parliament and has the power to investigate decisions, actions and conduct of Victorian government departments and statutory bodies and employees of local government (councils). The Ombudsman investigates complaints about administrative actions and decisions taken by government authorities and about the conduct or behaviour of their staff.

Employee Survey: People, Culture and Development conduct biannual employee surveys, with results utilised to measure and test staff's perception of Council's risk management culture.

The results are reported to the Executive Leadership Team, Leadership Groups and Staff and where appropriate incorporated into an action plan.

Section Three: Key Guidelines and Risk Tools

The risk management process involves the systematic application of policies, procedures and practices to the activities of communicating and consulting, establishing the context and assessing, treating, monitoring, reviewing, recording and reporting risk. This process follows the ISO 31000:2018 approach and is illustrated in **Figure 4 below**:

The table below outlines the risk process:

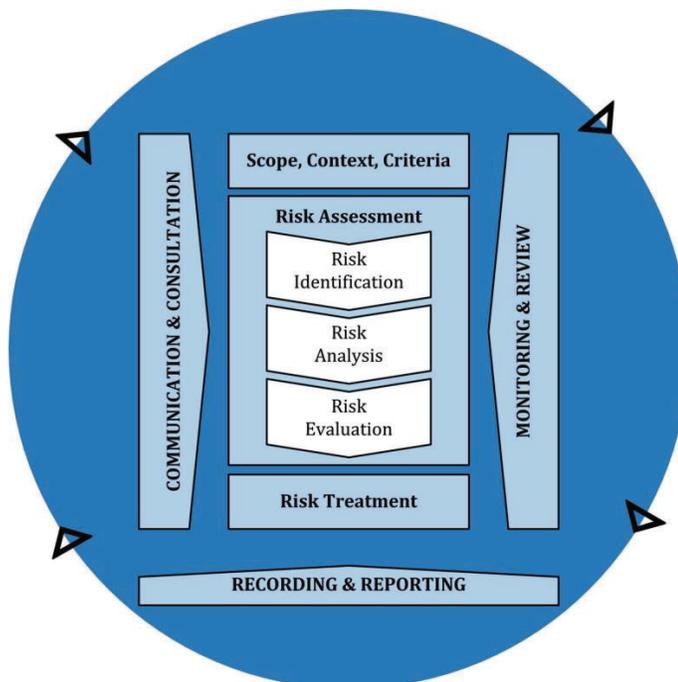


Figure 4 - Risk Management Process

3.1 Training and Education

Risk management training and awareness is recognised as an important requirement for all staff and a training schedule has been developed, in addition to formal e-learning modules, required to be completed by all staff upon induction, and a refresher course completed by all employees every two years. Completion of required training is monitored by People, Culture and Development. The training is designed to increase the knowledge and awareness of staff and management in a number of risk management topics. In addition to formal training the Risk Management Team act as specialist advisors to staff. This includes help with identifying and assessing risk exposures and the steps in developing, implementing and monitoring of sustainable control measures.

3.2 Monitor, Review and Improvement

A continual process of monitor, review and improvement of all components of the

Risk Management Framework is required to ensure an effective and up-to-date Framework. Monitoring the Framework involves inspections, reports, self-assessments or audits to assess whether objectives of the Framework components are being achieved. Reviewing the Framework involves assessing whether various components of the Framework still match the risk profile. This assessment may involve the review of policies, strategies and processes.

3.3 Risk Assessment

In identifying and assessing Council's risk exposures the model outlined in ISO 31000:2018 has been adopted, with risk exposure being a product of risk consequence and risk likelihood.

Risk Consequences and Risk Likelihood parameters (risk tolerance) customised to Council's key result areas, are documented at **Attachment A**.

In assessing the likelihood and consequence of each risk the following factors will be considered:

- The adequacy of mitigating controls;
- In the case of infrequent or low probability risks, the once-off impact of the resultant outcome or event; and
- In the case of frequently occurring or high probability risks, the foreseeable impact of the resultant outcome or event.

The combined risk rating for a particular risk is based on its potential impact and the likelihood of the risk event given the quality of the control process designed to reduce the likelihood and impact.

The process for calculating a **risk rating** is:

1. Identify appropriate consequence rating (refer Consequence of Risks occurring Table at **Attachment A**);
2. Identify appropriate likelihood rating (refer Likelihood of Risks occurring Table at **Attachment A**);
3. Ascertain risk rating by cross referencing the consequence and likelihood ratings (refer Risk Matrix **below**).

Consequence of Risk Occurring					
Likelihood of Risk Occurring	Negligible	Minor	Moderate	Major	Catastrophic
Almost Certain	Moderate	High	High	Extreme	Extreme
Likely	Moderate	Moderate	High	High	Extreme
Possible	Low	Moderate	High	High	High
Unlikely	Low	Low	Moderate	Moderate	High
Rare	Low	Low	Moderate	Moderate	High

--	--	--	--	--	--

After the risk rating has been determined, the business area must assess what treatment, if any, will be applied to those risks. Each treatment plan must be assessed to determine if the cost of implementing the plan outweighs the derived benefit. However there may be situations where due to legal or social reasons the cost will not be the predominant consideration in the treatment plan.

Combined Risk Assessment Treatment Options	
Extreme	Extreme risk requires immediate attention. Comprehensive consideration by ELT is required to ensure that the risk remaining is consistent with corporate objectives and risk appetite. If not, detailed research and planning is required to mitigate the risk. In the event mitigation strategies cannot reduce the risk, ELT will review the treatment plans on a monthly basis.
High	Attention required to assess the acceptability of remaining risk or required mitigation measures. Management need to ensure that necessary mitigation actions are carried out and the risk does not increase by actively monitoring any changes to the control environment, consequence and likelihood.
Moderate	Management and Team Leaders to ensure that the control environment, consequence and likelihood does not substantially change. Consider the implementation of any additional cost effective controls.
Low	Manage by routine procedures and be mindful of changes to nature of risks. Consider the implementation of any cost effective internal controls.

3.4 Risk Review and Register

Risks are identified and mitigated at all levels of the organisation using a top down and bottom up assessment process. The Risk Register is a database that allows Managers and Directors to register and monitor risks associated with business operations. Coordinators and Team Leaders have the delegated responsibility to review and monitor risks as determined by their Manager. These risks may be linked to various plans or projects.

Risks need to be regularly reviewed according to their risk rating. The review dates for the different levels of risk are listed below, the review date for risks need to be realistic and linked to those accountable. Strategic Risks, regardless of their Risk Rating are reviewed at least twice per year.

The appropriate review schedule for Operational Risks is shown below.

Level of risk	Review
Low	Yearly
Moderate	Half-yearly
High	Quarterly
Extreme	Monthly

3.5 Risk Reporting

There is a structured approach to risk reporting. The matrix below details which information will be reported throughout the organisation together with the reporting frequency. All Strategic and Operational risks are available for review via Riskware. Timelines for review are dependent on the Strategic or Operational Current and Residual Risk rating populated in Riskware. Management receives an alert in Riskware when a Strategic or Operational Risk requires review based on the Current or Residual Risk Rating, the controls, or treatment plan required. The Risk and Assurance Team will prompt Management where a control, treatment plan or action required becomes overdue. Reporting will be on a rotational basis dependent on the risk rating schedule as per the table at **Attachment 1**.

Risk Report or Update	Audit Committee	ELT	BERC	Director	Department Manager
Strategic	Annual	Half-yearly	Quarterly	Half-yearly	Half-yearly
Operational	Annual (Extreme Risk Only)	As required	As required	Annual	Half-yearly
Risk trends	Annual	Half-yearly	Quarterly	Half-yearly	Quarterly

Date approved:	May 2018
Accountable Officer:	Adele Thyer, Risk and Assurance Team Leader
Responsible Officer:	Chris Hurley, Manager Commercial and Property Services
Responsible Director:	Marilyn Kearney, Customer Experience Business Transformation
Approved by:	ELT
Date of Adoption:	
Next review:	May 2021

Attachments

Attachment A: Likelihood and Consequence Matrix

Attachment B: Risk Management Framework Action Plan 2018 - 21

Attachment C: Strategic Risk Matrix - November 2018

Attachment D: Strategic Risk Register - November 2018

Attachment A

Likelihood of Risks Occurring

For each risk identified the likelihood of the risk occurring must be determined in the context of existing controls. In determining risk likelihood, the frequency of the underlying activity must also be considered.

Rare	Unlikely	Possible	Likely	Almost Certain
1	2	3	4	5
The problem or situation may occur only in exceptional circumstances	The problem or situation could occur at some time	The problem or situation might occur at some time	The problem or situation will probably occur in most circumstances	The problem or situation is expected to occur in most circumstances
e.g. once in every 100 years	e.g. once in every 10 years	e.g. Annually	e.g. in the order of 10 times per year	e.g. in the order of 100 times per year

Consequence of Risks occurring

For each risk identified the consequence(s) of the risk occurring must be determined in the context of Council's Key Result Areas as follows:

Consequence Description	Injury (Staff or Public)	Financial Loss	Environmental Impact	Reputation	Legislation and Regulations	Strategic
Catastrophic 5	Death/s	> significant financial loss (e.g. > \$5 Million)	Toxic release off site with long term effects Substantial / long term damage to flora / fauna, soil / water	Very high customer sensitivity and irreparable damage to Council name. National/international media coverage	Total failure to meet relevant legislation and regulations leading to dismissal of Council.	Selection of a strategic direction that negatively impacts on the future of Council
Major 4	Serious injury to one or more persons resulting in a permanent disability	Major financial loss (e.g. >\$1M - \$5M)	Off-site release with no long-term effects Limited damage to flora/fauna, soil / water	Significant customer sensitivity and damage to Council name State-wide Media coverage	Failure to meet relevant legislation and regulations resulting in Material fines, penalties and restrictions on Council operations due to regulatory non-compliance. Senior employees charged for breaches/fraud.	Selection of a strategic direction which requires significant resources, both monitoring and time to correct, impacting a part of Council
Moderate 3	Injury requiring hospitalisation to one or more persons	High financial loss (e.g. >\$50,000 - \$1M)	On site release contained with outside assistance No damage to flora / fauna and short-term effects on soil, water and air	Moderate customer sensitivity and damage to Council name impacting noticeably on business activities Significant local community coverage	Activity does not meet all the requirements of relevant Australian Standards exposing Council to possible litigation risks.	Selection of a strategic direction which impacts on smaller parts of Council and will require considerable resources to correct
Minor 2	Minor injury requiring first aid only	Medium financial loss (e.g. >\$10,000 - \$50,000)	On site release contained immediately	Minimal customer sensitivity and damage to Council name Limited local community coverage	Activity does not follow relevant established Industry / Victorian / Australian guidelines	Minimal impact on strategic / operational objectives
Negligible 1	Injury requiring no medical treatment	Low financial loss (e.g. < \$10,000)	Minor leak, non-contaminating	No impact on reputation of Council No media coverage	No regulatory impact	Consequences are dealt with by routine operations

Risk Management Framework Action Plan 2018-21

Attachment B

	Measure	Description	Initial Maturity Rating (at Assessment 2018)*	Action Plan 2018-21	Responsible	Target Residual Maturity Rating 2021**
a.	Integrated	<ul style="list-style-type: none"> Risk management is an integral part of all organisational activities 	4	<p>A-1 Review Organisational Risk Registers and ensure recent changes to organisational structure, and reporting lines are reflected, to ensure appropriate and efficient reporting and escalation of risk treatments.</p> <p>A-2 regularly review and update the Risk Registers to ensure they:</p> <ul style="list-style-type: none"> effectively assign all risks to relevant business units document and date risk control implementation plans monitor the implementation and effectiveness of risk controls. 	SLT	4

*1= Initial 2= Fragmented 3=Top Down 4=Integrated 5=Risk Intelligent

** Target Residual Maturity Rating has been determined utilising existing resources with an average Maturity Rating across all principles as 'Integrated'.

	Measure	Description	Initial Maturity Rating (at Assessment 2018)*	Action Plan 2018-21	Responsible	Target Residual Maturity Rating 2021**
b.	Structured and comprehensive	<ul style="list-style-type: none"> A structured and comprehensive approach to risk management contributes to consistent and comparable results. 	4	<p>B-1 Document Management attendance at BERK meetings and consider the rotation of Managers across the Committee to ensure all risks are captured in the Enterprise Risk Management Reporting Framework and to ensure Management apply sound Risk Management methodology when implementing business decisions.</p> <p>B-2 Ensure users of the Enterprise Risk Management Reporting Framework 'Riskware' are adequately trained to ensure all department risks are documented, captured and managed consistently</p>	ELT / SLT / BERK	4

*1= Initial 2= Fragmented 3=Top Down 4=Integrated 5=Risk Intelligent

** Target Residual Maturity Rating has been determined utilising existing resources with an average Maturity Rating across all principles as 'Integrated'.

	Measure	Description	Initial Maturity Rating (at Assessment 2018)*	Action Plan 2018-21	Responsible	Target Residual Maturity Rating 2021**
				across the business.		
c.	Customised	<ul style="list-style-type: none"> The risk management framework and process are customised and proportionate to the organisation's external and internal risk sources related to its objectives. 	3	<p>C-1 Review all department Operational Risks ensuring each are assigned to a Strategic Risk.</p> <p>C-2 Provided tailored and customised training to nominated Directorate staff requested by Department Management.</p>	ELT / SLT / BERC / Risk and Assurance	4
d.	Inclusive	<ul style="list-style-type: none"> Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management. 	3	<p>D-1 Conduct a Senior Leadership Team, Strategic Risk Workshop, facilitated independently by Internal Auditors to ensure completeness and robustness of our Strategic Risk Register, whilst encouraging collective accountability and constructive</p>	ELT / SLT / BERC / Internal Auditors	4

*1= Initial 2= Fragmented 3=Top Down 4=Integrated 5=Risk Intelligent

** Target Residual Maturity Rating has been determined utilising existing resources with an average Maturity Rating across all principles as 'Integrated'.

	Measure	Description	Initial Maturity Rating (at Assessment 2018)*	Action Plan 2018-21	Responsible	Target Residual Maturity Rating 2021**
				challenge. D-2 Conduct face-to-face risk awareness workshops to provide staff with an opportunity to explore several ways to articulate risk. D-3 Document and circulate to the BERCC 'Risk Management' queries received from the business. D-4 Prepare Risk Management FAQ's for inclusion on the Risk Management intranet page (BAZ).		
e.	Dynamic	<ul style="list-style-type: none"> Risks can emerge, change or disappear as an organisation's external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those 	4	E-1 Implement Internal Audit Recommendations in a timely manner and adjust risk ratings accordingly. E-2 Monitor current environment and	ELT / SLT	4

*1= Initial 2= Fragmented 3=Top Down 4=Integrated 5=Risk Intelligent

** Target Residual Maturity Rating has been determined utilising existing resources with an average Maturity Rating across all principles as 'Integrated'.

	Measure	Description	Initial Maturity Rating (at Assessment 2018)*	Action Plan 2018-21	Responsible	Target Residual Maturity Rating 2021**
		changes and events in an appropriate and timely manner.		review risk rating based on inherent and control risks, and the effectiveness of current controls.		
f.	Best available information	<ul style="list-style-type: none"> The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders. 	3	<p>F-1 Improve departmental focus on reviewing and implementing target actions within agreed timeframes, by circulating and escalating overdue action plans.</p> <p>F-2 Implement strategies to resolve and action long outstanding action items and risk mitigation improvement strategies, including the tolerance of untimely and ineffective resolution.</p> <p>F-3 Share proposed</p>	ELT/ SLT / BERG / Risk and Assurance	4

*1= Initial 2= Fragmented 3=Top Down 4=Integrated 5=Risk Intelligent

** Target Residual Maturity Rating has been determined utilising existing resources with an average Maturity Rating across all principles as 'Integrated'.

	Measure	Description	Initial Maturity Rating (at Assessment 2018)*	Action Plan 2018-21	Responsible	Target Residual Maturity Rating 2021**
				Risk Mitigation Improvement Strategies with Senior Management and Finance to ensure incorporated into the Annual Business Planning process.		
g.	Human and cultural factors	<ul style="list-style-type: none"> Human behaviour and culture significantly influence all aspects of risk management at each level and stage. 	4	<p>G-1 improve culture of risk ownership and accountability within the business by raising awareness of individuals responsibilities in managing risk as it is included in all employee PD's and Manager employment contracts.</p> <p>G-2 Use of staff 'exit' interviews to identify indicators of poor culture.</p> <p>G-3 Utilise PCD</p>	<ul style="list-style-type: none"> ELT / SLT / BERC / PCD / Governance 	4

*1= Initial 2= Fragmented 3=Top Down 4=Integrated 5=Risk Intelligent

** Target Residual Maturity Rating has been determined utilising existing resources with an average Maturity Rating across all principles as 'Integrated'.

	Measure	Description	Initial Maturity Rating (at Assessment 2018)*	Action Plan 2018-21	Responsible	Target Residual Maturity Rating 2021**
				Business Partners to coach Managers and Supervisors during annual Performance Development and Review (PDR) process in the identification of cultural red flags. G-4 Include Risk Management identification prompts in Department Business Plans. G-5 In conjunction with PCD review the e - module employee training completion statistics. G-6 Conduct annual legal and ethical certification program.		
h.	Continual Improvement	<ul style="list-style-type: none"> Risk management is continually improved through learning and experience. 	5	H-1 Ensure new and emerging risks e.g. as a result of business transformation are	<ul style="list-style-type: none"> ELT/ BERC / SLT 	5

*1= Initial 2= Fragmented 3=Top Down 4=Integrated 5=Risk Intelligent

** Target Residual Maturity Rating has been determined utilising existing resources with an average Maturity Rating across all principles as 'Integrated'.

	Measure	Description	Initial Maturity Rating (at Assessment 2018)*	Action Plan 2018-21	Responsible	Target Residual Maturity Rating 2021**
				<p>captured and escalated appropriately.</p> <p>H-2 Include the discussion of new and emerging risks as a standing Agenda item in BEREC meetings to support early indicators of emerging risk and encourage constructive debate and challenge at a senior management level.</p> <p>H-3 Engagement of ELT in Internal Audit program planning and review and utilisation of Internal Audit recommendations as department Risk Mitigation Improvement Strategies and corporate risk</p>		

*1= Initial 2= Fragmented 3=Top Down 4=Integrated 5=Risk Intelligent

** Target Residual Maturity Rating has been determined utilising existing resources with an average Maturity Rating across all principles as 'Integrated'.

	Measure	Description	Initial Maturity Rating (at Assessment 2018)*	Action Plan 2018-21	Responsible	Target Residual Maturity Rating 2021**
				awareness.		
	Total		30/40: 75%			

Risk Management Framework Action Plan 2018-21 Implementation Timeline

All Risk Management Framework Action items are to be completed by the end of 2021. Resources and prioritisation will be directed towards actions where a Maturity Principle was rated 3 or less, with a desire to lift the organisation to an average maturity rating of ‘4’ across all principles at the conclusion of 2021. A detailed Implementation Timeline has been developed and will be overseen and monitored by BEREC.

*1= Initial 2= Fragmented 3=Top Down 4=Integrated 5=Risk Intelligent

** Target Residual Maturity Rating has been determined utilising existing resources with an average Maturity Rating across all principles as ‘Integrated’.

Strategic Risk Matrix - November 2018

Attachment C

Risk ratings reflect the current risk outlook.

Likelihood	Consequence				
	Negligible	Minor	Moderate	Major	Catastrophic
Almost Certain					
Likely					
Possible		9, 13		1, 2	
Unlikely			3, 4, 8, 11, 12	5, 6, 7, 10, 14	
Rare					

- 1. Legislative Changes and Legal Compliance
- 2. Amenity / Built Environment Management
- 3. Climate Change Management
- 4. Community Safety
- 5. Built Asset Management
- 6. Council / Councillors Relationship
- 7. Financial Management

- 8. ICT Strategy
- 9. Availability and Security of IT Systems
- 10. Provision of Community Services
- 11. Community Advocacy
- 12. Occupational Health, Safety and Wellbeing
- 13. Recruitment, Retention and Culture
- 14. Amenity / Natural Environment

- Extreme
- High
- Moderate
- Low

Strategic Risk Register - November 2018

Attachment D

Risk No	Risk Title	Risk Definition	Residual Risk Rating
1	Legislative / Regulatory Changes and Legal Compliance	<ul style="list-style-type: none"> Changes to legislation, regulations or Government policy impacting Council's operations have the potential to adversely impact Council's performance and delivery of service. Breach of legislation, regulations or Government policy may expose Council to regulatory sanctions and / or elevated levels of public scrutiny. 	High
2	Amenity / Built Environment Management	<ul style="list-style-type: none"> Ability to maintain and protect amenity and liveability of the built environment. 	High
3	Climate Change Management	<ul style="list-style-type: none"> Ability to identify, plan and respond to impacts of climate change including flooding, storm and heat. Effective management of Council facilities and resources through the application of initiatives to moderate impacts e.g. energy, emissions, water conservation and building design. 	Moderate
4	Community Safety	<ul style="list-style-type: none"> Ability to plan, prepare, and respond to potential threats and recover from potential or resultant impacts on Community Safety e.g. Public disorder, natural disaster, pandemic, act of terror, anti-social behaviour, and major Criminal Act. 	Moderate (new risk)
5	Built Asset Management	<ul style="list-style-type: none"> Management of built assets to meet desired service levels and adopted policies and plans. 	Moderate (decreased)
6	Council / Councillors Relationship	<ul style="list-style-type: none"> Preservation of relationships between Councillors and the Administration. 	Moderate
7	Financial Management	<ul style="list-style-type: none"> Ability to maintain financial stability to meet needs and expectations of Council and Community. 	Moderate
8	ICT Strategy	<ul style="list-style-type: none"> Ability to plan and deliver technology capability for delivery of services and interaction with the Community. 	Moderate
9	Availability and Security of IT Systems	<ul style="list-style-type: none"> Management of the performance, capacity and security of information technology applications and infrastructure to meet needs and expectations. 	Moderate
10	Provision of Community Services	<ul style="list-style-type: none"> Ability to plan, deliver and facilitate Council services that meet social need of the community (within the scope of role resources, key supplier arrangements, Local Government Act and other relevant legislation). 	Moderate

Strategic Risk Register - November 2018

Attachment D

Risk No	Risk Title	Risk Definition	Residual Risk Rating
11	Community Advocacy	<ul style="list-style-type: none"> Ability of Council to engage, advocate and lead on issues impacting the community as identified in Council adopted policies and strategies. 	Moderate
12	Occupational Health, Safety and Wellbeing	<ul style="list-style-type: none"> Failure to provide a safe work environment which has the potential to result in: <ul style="list-style-type: none"> Injuries requiring hospitalisation to employees, contractors and / or customers; A breach of legislative or other relevant regulatory requirement / imposition of financial and non-financial penalties. 	Moderate
13	Recruitment, Retention and Culture	<ul style="list-style-type: none"> Ability to recruit and retain a skilled/qualified workforce to deliver appropriate services that meet customer needs and business objectives (e.g. due to skill shortage, recruitment practices, talent caps, training and development, industrial action). Ability to develop and implement effective workforce planning. 	Moderate
14	Amenity / Natural Environment Management	<ul style="list-style-type: none"> Ability to maintain and protect amenity and liveability of the natural environment. 	Moderate