



RISK MANAGEMENT PLAN

Dungog Shire Council

2023

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1 OBJECTIVES

The purpose of this Risk Management Plan is to outline approach to risk management and to demonstrate Council’s commitment to ensuring risks are managed effectively and in accordance with the Australian Standards.

Council is committed to the following principles of risk management, as defined in the Australian Standards on Risk Management (AS ISO 31000:2018).



Figure 1: Principles of risk management

The Australian Standards on Risk Management requires Council’s approach to risk management be based on the following eight principles to ensure it is effective:

- Integrated – Risk management is integrated into all Council activities and decision-making processes.
- Structured and comprehensive – Risk management is a structured and comprehensive process that achieves consistent and comparable results.
- Customised – The risk management framework and process is

customised to Council.

- Inclusive – Risk management is inclusive of all stakeholders and enables their knowledge, views and perceptions.
- Dynamic – Risk management is dynamic and able to respond to changes and events in an appropriate and timely manner.
- Best available information – Risk management decisions are based on the best available information and take into account any limitations and uncertainties.
- Human and cultural factors – Risk management takes into account human and cultural factors.
- Continual improvement – Risk management is continuously and periodically evaluated and improved through learning and experience.

2 RISK MANAGEMENT FRAMEWORK

Council's Risk Management Framework consists of the following components:

- Risk Management Policy
- Risk Management Plan (this document)
- Risk Management Process
- Training and Communications
- Records (Risk Register).

Council's Risk Management Framework will be easily accessible via Council's intranet.

2.1 Risk Management Policy

Council's Risk Management Policy was developed in accordance with the model 'risk management policy' released by the Office of Local Government through the ['Guidelines for Risk Management and Internal Audit for Local Government in NSW'](#).

The Risk Management Policy was adopted by Council on 19 April 2023 and is available on Council's [website](#).

2.2 Risk Management Process

Refer to section 6 of this Plan.

2.3 Training and Communications

A risk management summary brochure will be developed and provided to all staff to ensure all staff are aware of Council's Risk Management Framework and to assist in completing risk assessments.

Additional risk information sessions may be held for high-risk areas of Council.

2.4 Risk Register

The Risk Register is currently in development. The purpose of the Risk Register is to document all of the strategic and operational risks at Council.

In order for a risk to be documented in the Risk Register, a Risk Assessment must be completed by the relevant Risk Owner, or their delegate. The template for the Risk Assessment is included within this document. Proper use of the template will ensure that the necessary information is captured. Further guidance is available for staff in completing the Risk Assessment template.

3 RISK CULTURE

Risk culture refers to the values, attitudes and understanding of risk shared by a group of people.

Council aims to build a positive risk culture by:

- Promoting the benefits of effective risk management
- Working collaboratively on the development and review of risk management activities and documents
- Ensuring that all staff are aware of and engaged in risk management
- Training and supporting staff to incorporate risk management into their everyday work.



4 ROLES, RESPONSIBILITIES AND ACCOUNTABILITIES

Responsibility:	Promoting a positive risk culture		Review of the Risk Management Framework	Reporting to the ARIC and Council on Risk Management Activities	Ensuring staff within their area are aware of Council's	Completing a risk assessment when undergoing Council work (as required)
Council Staff:						
General Manager	R	A	A	A	A	R
Executive Managers and Directors	R		C	C	A	R
Managers and Supervisors					R	R A
Governance and Risk Officer			R	R		R
Risk Champions						R
All staff						R

Responsible	Accountable	Consulted	Informed
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4.1 Governance and Risk Officer

The Governance and Risk Officer is responsible for:

- Leading the development and review of Council's Risk Management Framework
- Liaising with Executive Leadership Team (ELT) and the ARIC on risk management activities
- Communicating with staff on risk management activities
- Developing and communicating resources and training opportunities with staff.

The Governance and Risk Officer is accountable for:

- Reporting to the ELT, ARIC and Council on the status of the Risk Management Framework.

4.2 Managers and supervisors

Managers and supervisors are responsible for:

- Ensuring staff within their respective area complete training and are aware of Council's Risk Management Framework
- Ensuring Council's risk management process is followed and risk assessments are completed when undergoing Council work.

4.3 Councillors

Councillors are responsible for providing strategic oversight of Council's Risk Management Framework and ensuring Council decisions are made in accordance with Council's risk appetite.

4.4 Staff, contractors and volunteers

Staff, contractors and volunteers are responsible for:

- Completing a risk assessment when undergoing Council work, including an activity, project or service
- Participating in training opportunities when available.

5 RESOURCING AND COMMITTEES

5.1 Executive Leadership Team

The role of the Executive Leadership Team (ELT) is to promote good risk management practice within their department.

5.2 Audit, Risk and Improvement Committee

The role of Council's Audit, Risk and Improvement Committee (ARIC) is to oversee Council's Risk Management Framework. The ARIC is responsible for

monitoring and advising the Council on the development and review of the Risk Management Framework.

5.3 Risk Champions

Council will develop a network of Risk Champions across the various departments of Council to promote a positive risk culture and assist with risk management activities.

6 RISK MANAGEMENT PROCESS

The Risk Management Process is the systematic application of management policies, procedures and practices to the tasks of establishing context, identifying, analysing, evaluating, treating, monitoring and communicating in relation to risk.

Council will apply the following Process as defined by AS ISO 31000:2018 Risk Management Guidelines:



6.1 Communication and Consultation

Communication and consultation with relevant internal and external stakeholders should be done at all stages of the risk assessment process.

The purpose of communication and consultation is to bring different areas of expertise together, ensure different views are appropriately considered, provide sufficient information to facilitate risk oversight and decision making and to build a sense of inclusiveness and ownership among those affected by the risk.

It involves promoting awareness and understanding, as well as seeking feedback and information to support decisions made throughout the process.

6.2 Establishing the scope, context and criteria

This part of the process aims to gain an understanding of the purpose of the risk assessment and to consider factors that may require consideration throughout the process.

It includes:

- establishing and defining the scope of the activity being assessed and associated boundaries of the risk assessment;
- the relevant objectives to be considered and any relevant relationships to other projects, processes and activities;
- desired outcomes from the steps to be taken;
- decisions that need to be made;
- the internal and external environment;
- resources required and associated responsibilities;
- risk assessment criteria, tools and techniques to be applied and records to be kept throughout the risk assessment process.

6.3 Risk Assessment

The risk assessment process comprises the following key steps:

1. Risk Identification

Identifying risks involves consideration of what, how, why and when events might occur that could have an impact on achieving the objectives of the activity or operation being assessed. During this process consideration is to be given to Council's adopted Risk Categories. A variety of methods can be used to identify risks, such as brainstorming and SWOT analysis. Relevant, appropriate and up to date information is important to identifying risks.

2. Risk Analysis

Risk analysis is undertaken to determine and understand the level of risk being faced. It involves a detailed consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls and their effectiveness. Risk analysis provides input to risk evaluation, decisions on whether risk needs to be treated and how, and on the most appropriate risk

treatment and methods. Risk analysis should be undertaken using Council's adopted Risk Assessment Criteria.

3. Risk Evaluation

The purpose of risk evaluation is to support decisions. It involves comparing the results of the risk analysis with the Council's established risk criteria to determine if the level of risk is acceptable or additional action is required in order to continue with the activity or operation being assessed.

Options may be to do nothing; consider risk treatment options; undertake further analysis; maintain existing controls; reconsider objectives; and it should consider the wider context and the action and perceived consequences to both internal and external stakeholders.

6.4 Risk Treatment

Risk Treatment involves the development and implementation of additional controls, such as systems and procedures, to address the risk.

Risk Treatment involves an iterative process of formulating and selecting risk treatment options; planning and implementing risk treatment; assessing the effectiveness of the treatment; deciding on whether the remaining risk is acceptable and if not acceptable, taking further treatment.

Depending on the activity or operation that is being assessed and the priority of the risk, risk treatment strategies can involve the development and implementation of long or short term risk treatment action plans.

Risk Treatment should be undertaken in accordance with Council's adopted risk appetite.

6.5 Monitoring and Review

Monitoring and review of the risk management process, its implementation and outcomes ensures its continued quality and effectiveness and identifies opportunities for improvement. It will ensure that identified risks and controls remain relevant, controls remain effective and that any new risks are appropriately identified, recorded and managed appropriately.

6.6 Recording and Reporting

The risk management process and its outcomes are required to be documented and reported regularly to ensure continued communication in relation to risk management activities and outcomes, to provide information for decision-making, to improve risk management activities and to assist interaction with stakeholders.

7 MONITORING AND REVIEW

The Risk Management Plan (this document) will be reviewed at least every two years, or as needed.

8 DEFINITIONS

The following terms are defined in line with the Australian Standards for Risk Management.

Term:	Definition:
Risk	The effect of uncertainty on objectives.
Risk Management	Coordinated activities to direct and control an organisation with regard to risk.
Stakeholder	Person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity.
Event	Occurrence or change of particular set of circumstances.
Consequence	Outcome of an event affecting objectives.
Likelihood	The chance of something happening.
Control	A measure that contains and or modifies risk.

9 INDEX

9.1 Risk matrix

		CONSEQUENCE				
		1 - Insignificant	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
LIKELIHOOD	A - Almost Certain	Moderate	High	High	Extreme	Extreme
	B - Likely	Moderate	Moderate	High	High	Extreme
	C - Possible	Low	Moderate	High	High	High
	D - Unlikely	Low	Low	Moderate	Moderate	High
	E - Rare	Low	Low	Moderate	Moderate	High



9.2 Risk Categories and Risk Appetite

Risk Category:	Risk appetite:			
	Avoid Preference for options that avoid risk or have low inherent risk.	Resistant Preference for safe options with low degree of residual risk and limited potential for reward.	Accept Willing to consider all options with a preference for prudent options and an acceptable level of reward.	Receptive Enthusiasm for innovation leading to preference for higher rewards despite greater inherent risk.
Compliance Risks that impact compliance with legislation and regulatory requirements.	Primary	Secondary		
Environment Risks that impact the natural environment, including environmental performance and adverse outcomes relating to air, fauna, flora, heritage, water, waste, noise and hazardous materials. This excludes climate change.		Secondary	Primary	
Financial Risks that have a financial impact on Council, including revenue, expenses, assets, liabilities and reserve.	Primary	Secondary		
Project		Secondary	Primary	

Risks that impact the quality of product and the ability to deliver capital project outcomes (over \$100,000) within budget and timeframe.				
Community Health and Wellbeing Risks that impact the health and safety of the public.		Primary	Secondary	
Reputation (including Governance) Risks that impact Council's reputation in the community and media, as well as with government.		Primary	Secondary	
Infrastructure and Assets Risks that impact the ability to deliver and maintain infrastructure (including assets).		Secondary	Primary	
Service delivery Risks that impact the ability to deliver internal and external services.		Secondary	Primary	
Technology and Systems Risks that impact on the introduction, implementation and management of technological systems.	Secondary	Primary		
Worker Safety, Health and Wellbeing Risks that impact the health and safety of staff, as well as contractors and volunteers, including work health and safety issues, resourcing, human resources, industrial relations, organisational culture, and staff values.	Secondary	Primary		

Primary Appetite: This is the risk appetite that Council has for most circumstances.

Secondary Appetite: In certain circumstances, Council may have a bigger or smaller appetite.



9.3 Consequence table

Risk Category:	1 – Insignificant	2 – Minor	3 – Moderate	4 – Major	5 – Catastrophic
Compliance (Legislative or Regulatory)	Failure to comply with requirements that can be corrected without consequence.	Failure to comply with requirements that could result in internal investigation.	Failure to comply with requirements that could result in legal action, or minor government remedial action.	Failure to comply with requirements that could result in civil damages, criminal penalties or government investigation.	Failure to comply with requirements that could result in significant civil damages, extreme criminal penalties or significant government remedial action.
Environment	Insignificant, immediately reversible impacts on the environment.	Limited short to medium term, quickly reversible impacts on the environment.	Potentially significant medium term reversible impacts on the environment.	Severe, medium to long-term reversible or potentially irreversible impacts on the environment.	Critical, long term irreversible impacts on the environment.
Financial	Negligible financial loss of up to \$10,000.	Minor financial loss of \$10,000 to \$50,000.	Substantial financial loss of \$50,000 to \$250,000.	Significant financial loss of \$250,000 to \$1,000,000.	Major financial loss of greater than \$1,000,000.
Project	Minor inconvenience with minimal or no adverse impact on project quality or timeframe.	Unscheduled short-term disruption.	Decline in Council or key supplier service levels that cause a disruption to key stakeholders.	Noticeable quality degradation require remediation and Council approval, possible safety issues.	Project is unviable and unable to be delivered. Project does not meet timeframe and funding is withdrawn.
Community Health and Wellbeing	Insignificant injury, no medical treatment required.	Short-term isolated incident of illness or	Medium-term illness or injury; medical attention required;	Long term illness or injury; long term medical attention required;	Fatality; permanent disability; illness or disease; widespread

		injury; first aid required.	health impacts in single Council locality.	health impacts in multiple Council localities.	health impacts across LGA.
Reputation (incl. Governance)	Temporary loss of confidence in DSC, or, ongoing individual concerns.	Major impact on public confidence.	Concern expressed by Minister in DSC activities.	Considerable and widespread impact on public confidence in DSC, or, issues raised in Parliament.	Significant impact on public confidence in DSC, or, Parliamentary inquiry.
Infrastructure and Assets	Isolated, insignificant impact on service delivery; minimal inconvenience to customers.	Short term minor impact on service delivery; some inconvenience & customer dissatisfaction.	Medium term disruption to delivery of several services; moderate inconvenience & increased customer dissatisfaction.	Long term disruption to delivery of several services, incl. some key services; significant inconvenience & high level customer dissatisfaction.	Ongoing inability to deliver key services; widespread customer dissatisfaction; threat to viability of organisation.
Service delivery	Insignificant disruption to business continuity across one internal DSC service.	A minor disruption to business continuity across internal DSC service/s.	A moderate disruption to business continuity across multiple DSC services.	A major disruption to business continuity across multiple DSC services.	Significant disruption to business continuity across all DSC services.
Technology and Systems	Insignificant operational impact.	Minor downtime or outage in single area of the organisation; addressed with local management and resources.	Significant downtime or outage in multiple areas of the organisation; substantial management required.	Loss of critical functions across multiple areas of the organisation; long term outage; extensive management with external resources required.	Extensive and total loss of critical systems and/or data; disaster management required.
Worker Safety, Health and Wellbeing	Worker incident or near miss not requiring first aid.	Worker incident requiring first aid.	Worker incident requiring medical treatment.	Worker incident with serious injury or illness.	Worker incident with death or permanent disability.

9.4 Likelihood table

Likelihood table		
Likelihood:	Description:	Estimated probability:
A – Almost certain	Is expected to occur in most circumstances.	>90%
B – Likely	Could occur in some circumstances.	61-90%
C – Possible	Could occur but would not be expected.	21-60%
D – Unlikely	May occur but would be very unexpected. Has happened in the local government sector, but in extenuating circumstances.	2-20%
E – Rare	May occur only in exceptional circumstances.	<2%

9.5 Control effectiveness table

Control effectiveness table		
Effectiveness:	Description:	Quantification:
Ineffective	Management cannot be confident that any degree of risk modification is being achieved. Controls need to be redesigned.	Up to 99% effective
Partially effective	Controls are partially effective, require ongoing monitoring and may need to be redesigned, improved or supplemented.	Up to 60% effective
Very effective	Existing controls address the risk, are in operation and are applied consistently. Management is confident that the controls are effective and reliable. Ongoing monitoring is required.	0% effective

10 DOCUMENT ADMINISTRATION

Responsible Officer: Governance and Risk Officer
 Council or Council
 Management:
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