Risk Management Manual

Yarriambiack
SHIRE COUNCIL

Risk Management Manual

Yarriambiack Shire Council encourages a working environment which promotes gender equality and models non-violent and respectful relationships.

Contents

1 Purpose

The purpose of this Risk Management Manual is to provide a comprehensive framework for identifying, assessing, managing, and mitigating risks within the Yarriambiack Shire Council. This manual aims to ensure that all Councillors, employees, volunteers, and contractors are equipped with the necessary knowledge and tools to effectively manage risks in their respective roles. By fostering a culture of proactive risk management, the manual seeks to enhance the Council's ability to achieve its strategic objectives, safeguard its assets, and ensure the safety and well-being of the community it serves.

Importantly, the Risk Management Manual incorporates Council’s Risk Management Strategy, Policy, Framework, and Guidelines, ensuring a consistent and integrated approach to risk governance across all levels of the organisation.

2 Role and Responsibility

The Councillors along with the Chief Executive Officer are responsible for setting a positive risk culture across the organisation.

The Chief Operating Officer is responsible for the monitoring, implementation and training of the risk management manual requirements across the organisation.

Yarriambiack Shire Council’s Leadership Team, consisting of Chiefs and Managers, are responsible for ensuring their team members adhere to the requirements of the Manual and embed the practices into their daily activities.

The Chief Operating Officer is responsible for monitoring and reporting on the Strategic Risks including their control measures and effectiveness to the Audit and Risk Committee each quarter. Additionally, these Strategic Risks are also reported to the Council each quarter through the Financial and Non-Financial Performance Report.

The Chiefs and Managers are responsible for monitoring and reporting on their assigned Operational Risks and the effectiveness of control measures:

a) Each quarter to the Extended Leadership Team and the Audit and Risk Committee.

b) Annually to Council.

The responsibilities of the Risk Register and its records involve a collaborative effort, with contributions from staff across the entire organisation. The Risk Owner plays a pivotal role in coordinating these efforts, ensuring that all control measures are thoroughly evaluated for their effectiveness by the designated responsible person. This collaborative approach ensures that the Risk Register remains comprehensive and up-to-date, reflecting the collective input and expertise of the organisation's staff.

3 Application

This Risk Management Manual is applicable to all Yarriambiack Shire Council Councillors, employees, volunteers, and contractors engaged by the Council.

4 Commitment

The Yarriambiack Shire Council Councillors, Chief Executive Officer, Extended Leadership Team and Audit and Risk Committee are committed to:

a) Implementing the Risk Management Manual.

b) Implementing risk management as a governance framework across the organisation.

c) Reviewing the Risk Management Manual annually to ensure Council’s risk management practices meet legislative requirements and Council’s risk management appetite is aligned with the Council Plan objectives.

d) Effectively communicating the requirements of the Council’s Risk Management Manual and providing education on its application to all stakeholders to ensure compliance.

5 Audit and Risk Committee

In accordance with section 53 of the *Local Government Act 2020,* Council must appoint an Audit and Risk Committee to strengthen governance, accountability, and transparency in their operations.

The responsibilities of the Audit and Risk Committee include:

- Independent oversight of council operations.
- Improving governance by helping Council meet their governance responsibilities.
- Enhance the credibility and objectivity of financial and performance reporting.
- Monitor and assess the effectiveness of risk management frameworks, helping Council identify, mitigate, and manage risks proactively.
- Promoting transparency and accountability to help improve fraud prevention systems and control.
- Maintenance of sound internal control environment.
- Assurance activities including internal and external audits.
- Oversight on Councils performance with regards to compliance with its policies and legislative and regulatory requirements.

6 Review of Manual

The Manual is reviewed annually by the Chief Executive Officer to ensure Council's Risk Management practices meet the Council Plan's Strategic Objectives.

The Manual is reviewed every three years by the Audit and Risk Committee and endorsed by Council, in accordance with Council's policy review cycle.

From time to time, circumstances may require minor administrative changes to be made to this Policy. Where an update does not materially alter this Policy, such a change may be made administratively and need not be considered and adopted by Council.

Where any change or update may materially change the intent of this policy, or the legal responsibilities of any member of the community, it must be considered and adopted by Council, or by the Chief Executive Officer in reliance on delegated authority.

7 References

a) *Local Government Act 2020*

b) Victorian Managed Insurance Authority Tools and Resources

c) *Financial Management Act 1994* – Standing Direction 3.7.1 – Risk Management Framework and Processes

d) Occupational Health and Safety Policy and Manual

e) Occupational Health, Safety and Wellbeing Guidelines

f) Human Resource Policy and Guidelines Manual

g) Performance Reporting Framework

h) ISO 31000:2018 Risk Management – Guidelines

8 Definitions

Term	Description
Audit and Risk Committee	Legislated Committee under section 53 of the *Local Government Act 2020*.

Term	Description
Innovation	As referred to in Councils Strategic Risk Register and Councils Risk Appetite Statement. Innovation is referred to a process of turning a new idea or method into a practical solution that creates measurable value. Software implementation is not considered innovation, unless Council is building the product.
RelianSys Software	A governance software platform that enables councils to manage risk, compliance, and policy processes efficiently through a centralised, user-friendly system.
Risk Event	An occurrence or change of a particular set of circumstances. May have one or more occurrences and can have several causes. An event can consist of something not happening and may also be referred to as an 'incident'.
Risk Identification	The process of finding, recognising and describing risks. Involves the identification of risk sources, events and potential consequences. Can involve historical data, theoretical analysis, informed and expert opinions and stakeholder needs.
Risk Management Framework And Guidelines	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk Management Process	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Risk Maturity	The benchmarking of an agency's risk management framework relative to leading practice
Risk Profile	A description of any set of risks. The set of risks can contain those that relate to the whole organisation or part of the organisation.
Risk Register	A structured record of identified risks, incorporating associated control measures and assessments of their effectiveness. It includes compliance considerations such as relevant legislation and internal governance documents, including policies and procedures. The register also facilitates the development and tracking of risk events, tasks, and management action plans. Council's Risk Register is maintained within the RelianSys system, supporting consistent and transparent risk management practices.
Risk Strategy	A risk management strategy (may be referred to as the risk plan or risk policy) that outlines and describes the key elements of the risk management framework. It specifies the approach, the management components and resources to be applied to the management of risk.

Term	Description
Risk Tolerance	The organisation's readiness to bear the risk after risk treatment in order to achieve objectives. Risk tolerances are based on the maximum level of acceptable risk and may be expressed in various ways depending on the nature of the risk.
Risk Treatment	Process to modify risk, may include deciding to take, retain, avoid, remove, change or share the risk. Risk treatments that deal with negative consequence may also be referred to as risk mitigation.
Victorian Government Risk Management Framework (VGRMF)	The Victorian Government Risk Management Framework sets out the minimum risk management requirements for departments and public bodies covered by the *Financial Management Act 1994*. It is mandated by Standing Direction 3.7.1 – Risk Management Framework and Processes, which falls under the Act.
Victorian Managed Insurance Authority (VMIA)	The Victorian Managed Insurance Authority (VMIA) is the insurer and risk adviser for the Victorian Government, established under the *Victorian Managed Insurance Authority Act 1996*.

9 Consistency with Governance Principles Local Government Act 2020

Governance Principle	Section of policy where covered
a) Council decisions are to be made and actions taken in accordance with the relevant law;	Section 1, 4 and 5
b) priority is to be given to achieving the best outcomes for the municipal community, including future generations;	Section 1 and 4
c) the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted;	Section 1, 4 and Chapter 1, 2 and 3.
d) the municipal community is to be engaged in strategic planning and strategic decision making;	Section 4
e) innovation and continuous improvement is to be pursued;	Section 1 and 4
f) collaboration with other Councils and Governments and statutory bodies is to be sought;	Section 1 and 4

Governance Principle	Section of policy where covered
g) the ongoing financial viability of the Council is to be ensured;	Section 1, 4 and Chapter 1, 2 and 3.
h) regional, state and national plans and policies are to be taken into account in strategic planning and decision making;	Section 1, 4 and Chapter 1, 2 and 3.
i) the transparency of Council decisions, actions and information is to be ensured.	Section 1, 4 and Chapter 1, 2 and 3.

In giving effect to the overarching governance principles, a Council must take into account the following supporting principles—

Community Engagement Principles	• A community engagement process must have a clearly defined objective and scope. • Participants in community engagement must have access to objective, relevant and timely information to inform their participation. • Participants in community engagement must be representative of the persons and groups affected by the matter that is the subject of the community engagement. • Participants in community engagement are entitled to reasonable support to enable meaningful and informed engagement. • Participants in community engagement are informed of the ways in which the community engagement process will influence Council decision making.
Comment:	Not applicable.
Public Transparency Principles	• Council decision making processes must be transparent except when the Council is dealing with information that is confidential by virtue of this Act or any other Act. • Council information must be publicly available unless— (i) the information is confidential by virtue of this Act or any other Act; or (ii) public availability of the information would be contrary to the public interest. • Council information must be understandable and accessible to members of the municipal community. • Public awareness of the availability of Council information must be facilitated.
Comment:	This Manual emphasises the importance of transparency in Council operations, assigning the Audit and Risk Committee the responsibility of promoting transparency and accountability to improve fraud prevention systems and control. It outlines that Council information must be understandable and accessible to the municipal community and that decision-making processes should be

	transparent, except when dealing with confidential information. The manual includes provisions for regular reporting and communication of risk management practices, with the Chief Operating Officer responsible for quarterly monitoring and reporting on strategic and operational risks. Additionally, the manual is reviewed annually by the Chief Executive Officer to ensure that the Council's risk management practices align with the Council Plan's Strategic Objectives, thereby supporting ongoing transparency.
Strategic Planning Principles	• An integrated approach to planning, monitoring and performance reporting is to be adopted. • Strategic planning must address the Community Vision. • Strategic planning must take into account the resources needed for effective implementation. • Strategic planning must identify and address the risks to effective implementation. • Strategic planning must provide for ongoing monitoring of progress and regular reviews to identify and address changing circumstances.
Comment:	This Manual emphasises that risk management is crucial for achieving the Strategic Objectives in the Council Plan, highlighting the importance of practical decision-making and resource use to develop a strong and connected community. It integrates the risk management process into the Council's annual planning, linking it to various policies, guidelines, performance objectives, and audit plans. The Manual stresses effective resource allocation, recognising the need for input from all employees and stakeholders. It promotes continuous improvement in risk management practices to support strategic objectives and includes provisions for quarterly monitoring and reporting of risks to provide up-to-date data for informed decision-making and oversight.
Financial Management Principles	• Revenue, expenses, assets, liabilities, investments and financial transactions must be managed in accordance with a Council's financial policies and strategic plans. • Financial risks must be monitored and managed prudently having regard to economic circumstances. • Financial policies and strategic plans, including the Revenue and Rating Plan, must seek to provide stability and predictability in the financial impact on the municipal community. • Accounts and records that explain the financial operations and financial position of the Council must be kept.
Comment:	This Manual emphasises the importance of prudently monitoring and managing financial risks, considering economic circumstances. It highlights the importance of adequate insurance and appropriate risk financing options to mitigate potential financial losses and ensure financial stability. Additionally, the manual stresses the need for effective allocation and use of resources, recognising that successful risk management relies on input from all employees and stakeholders.

Service Performance Principles	• Services should be provided in an equitable manner and be responsive to the diverse needs of the municipal community. • Services should be accessible to the members of the municipal community for whom the services are intended. • Quality and costs standards for services set by the Council should provide good value to the municipal community. • A Council should seek to continuously improve service delivery to the municipal community in response to performance monitoring. • Service delivery must include a fair and effective process for considering and responding to complaints about service provision.
Comment:	This Manual underscores the integral role of service performance within risk management practices, ensuring the continuity and reliability of Council services. It emphasises that effective risk management is essential for maintaining high-quality service delivery, even in the face of potential challenges and uncertainties. By embedding service performance into the risk management framework, the Manual ensures that the Council can consistently meet the needs and expectations of the municipal community, thereby fostering trust and confidence in its operations. This approach not only safeguards the Council's ability to provide uninterrupted services but also promotes continuous improvement and resilience in service delivery.

Council Approved

Policy Adopted:	Ordinary Meeting 25 August 2021 (Replaces Risk Management Strategy, Framework and Policy that was adopted 24 July 2019)	Minute Book Page 70
Policy Reviewed:	Desk top review only by Chief Operating Officer and sign off by the Chief Executive Officer. Date: 04 April 2023	CEO Signature
	Ordinary Meeting 22 May 2024	Minute Book Page 30
	Ordinary Meeting 22 July 2026	Item 15.4 Minute Book Page 32

Chapter 1 - Risk Management Strategy

10 Overview

Risk Management is critical to the Yarriambiack Shire Council's ability to achieve the Strategic Objectives contained in the Council Plan. The Council has limited human, financial and material resources. Practical decision making in relation to their use is critical to the Council's achievement of its endorsed vision of developing Yarriambiack Shire Council as ***"a strong and connected community prioritising sustainable and innovative approaches to support the wellbeing of our people, economy and environment."***. Not only must Council staff identify and minimise threats to the safe and effective employment of Council resources, they also have an obligation to identify and exploit opportunities to make such employment more efficient.

By fostering a Risk Management culture that encourages all staff to systematically apply the principles and procedures outlined in this strategy, the Council seeks to minimise resource waste and ensure that all Council services, events, activities and projects are undertaken with minimal risk to staff and the general public.

11 Strategy

11.1 Objectives

The Risk Management Objectives for Council are to:

a) Manage the effects of the uncertainty of Council meeting its objectives.

b) Identify, evaluate and prioritise Council's risks, opportunities and threats, with a view to:

- Exploiting opportunities.
- Reducing, mitigating, transferring or eliminating threats.

b) Promote and support risk management processes throughout the Council.

c) Recognise that successful risk management relies on input from ALL employees and stakeholders.

d) Allow for more effective allocation and use of resources.

e) Provide a basis for higher standards of accountability.

f) Protect the Council's corporate image as a professional, responsible and ethical organisation and an employer of choice.

11.2 Council's Strategic Actions

Council has identified a number of key strategic actions that are to be undertaken to achieve its overall Risk Management Objectives.

Action	Desired Outcome
Implementation and completion of risk management communication and training for all Leadership Team	To ensure management are aware of and take ownership of their role and responsibilities in relation to risk management.
Implementation and completion of risk management communication and training for all employees and sub-contractors.	To ensure all employees and labour hire sub-contractors are informed and adhere to Council's risk management requirements.

Action	Desired Outcome
Implement a training plan for all contractors who engage in works for Yarriambiack Shire Council, to ensure they understand their risk management requirements.	To ensure sub-contractors are informed and adhere to Council’s risk management requirements.
Implementation of standardised risk management practices across the Council.	To have a systemised approach to risk management across the organisation.
The establishment of a Strategic and Operational Risk Register in RelianSys Software.	To establish a risk database to identify, monitor and control risks and to embrace opportunities for improvement.
The effective monitoring and reporting of strategic and operational risks each quarter as defined in this Manual.	To provide Councillors, the Audit and Risk Committee and Management with up-to-date data to make informed decisions and provide oversight.
Action Plan identified for all Outstanding Audit Actions on the Audit Task List, with the aim of closing out actions in a timely manner, based on risk rating.	To enhance governance practices and processes across the organisation.

12 Strategic Resources

The Strategy is to be continuously monitored and proposes a range of actions to enhance the management of risks both at a corporate and business unit level.

Implementation of the Strategy will confirm the risk management process as an integral part of Council's annual planning with links to the following:

a) The Council Plan.

b) Risk Management Policy, Framework and Guidelines (embedded in the manual).

c) Individual staff performance objectives.

d) Internal Audit Plan.

e) External Audit Plan.

f) Occupational Health and Safety Incident, Hazard and Near Miss Reporting.

g) Mandates (Business Cases).

h) Council Reports.

12.1 Management of Risk

All employees, contractors and volunteers are to be familiar with and competent in the application of the Council's Risk Management Manual. Chiefs, Managers, Coordinators and Supervisors are accountable for adherence to the Manual requirements within their areas of responsibility.

All management of risk will address problems in the following priority order:

a) Wherever possible, the risk should be eliminated. If this is not possible the usual hierarchy of controls should be applied.

b) Transfer the risk by ensuring that external organisations, with which Council is connected and in which it has an interest, have adequate insurance and that the Council is indemnified and noted as an interested party.

c) Reduce the risk by undertaking hazard analysis and risk audits and preparing preventive, detective or corrective action that Council will take following the analysis of its exposures and developing procedures relating to the carrying out of complex tasks, including issue of advice and approval to customers.

d) Ensuring that the Council has adequate insurance and appropriate risk financing options for all risk exposures.

Insurance should be the last resort in managing risk exposure in the organisation.

12.2 The Main Types of Risk

The Council's key risk areas include:

- Reputational
- Political
- Occupational Health and Safety
- People and Talent Management
- Financial
- Environmental Sustainability
- Innovation
- Corporate Governance, Compliance and Liability
- Strategy Execution and Change Management
- Security and Technology
- Program and Project
- Emergency Management
- Asset Management
- Regulatory, Statutory and Governance Compliance Management
- Information Communication Technology Management

Risk categories are aligned to RelianSys and the Municipal Association of Victoria (MAV) insurance program. MAV Insurance undertakes annual risk assessments in identified high-risk areas, which Council may access and may nominate to participate in, where available.

In addition, the Chief Executive Officer receives the annual 'JLT Public Sector Risk Report', developed by JLT, to support risk oversight and inform Council's ongoing risk management priorities.

12.3 Risk Assessment in RelianSys Software

The implementation of the Risk Management Manual will minimise Council's exposure to potential losses and damages. The identification of risks provides the Council with the opportunity to manage the risk, through control measures, and monitor the effectiveness of the processes that have been implemented.

The Risk Management procedure to be applied within the Yarriambiack Shire Council is based on ISO 31000:2018 Risk Management – Guidelines.

Council has developed a risk management system to record, analyse, evaluate control measures along with their effectiveness and monitor risks. The risk management system is administered in RelianSys Software.

Risk consequence categories and descriptors have been established and are assigned to each strategic and operational risk.

Outlined below in Table 1 are the risk categories and the description of each category.

Table 1 – Risk Categories

CATEGORY	DESCRIPTION
Management	Management Response requiring Attention over Days, Months, Weeks or Year (s). Organisational Restructure.
Environmental	Environmental Risk can be defined as the actual or potential threat of adverse effects on living organisms and the environment by effluents, emissions, wastes, resource depletion, etc., arising out of an organisation's activities.
Service	Disruption or Inability to deliver Council Services (Internal and External Services).
Financial	Financial Management, Insurance Portfolio, Infrastructure, Capital Development, Information Communication and Technology.
Legal and Compliance	Legal Issues, Breach of Regulations and/or Legislation, Major Fine or Legal Costs, Litigation, Investigations by Regulatory Bodies and Disruption to Operations and Services.
Reputation	Media Coverage in Local, State and National Newspapers and via Social Media. Investigations by External Governing Bodies. Loss of Services and Funding.
People	Workforce Planning, Practitioner Qualifications and Skills, Staff Training, Occupational Health and Safety, Ethics and Culture.

Table 2 - Consequence Categories and Descriptor

Consequence Level		Financial	People	Reputation	Service	Legal & Compliance	Management	Environmental
Tier 5	Extreme	>$3m	One or more fatalities or severe irreversible disability to one or more people. Resignations of large numbers of key management level staff with key skills, knowledge and expertise Staff are not up skilled to meet corporate objectives and key strategic priorities.	National media coverage; Significant impact on funding for several years; long-term loss of clients.	Total cessation of multiple services for many months.	Major litigation costing $>3m; Investigation by regulatory body resulting in long term interruption of operations.	Restructuring of organisation with loss of many senior managers.	Significant environmental damage; fines or litigation costing $>3m, long term effect on community, facilities or projects.
Tier 4	Major	$1m - $3m	Extensive injury or impairment to one or more persons. Many resignations of key staff and loss of key skills, knowledge and expertise. Staff not upskilled to meet Business Plan priorities and commitments.	State media coverage; CEO departs affecting funding or causing loss of clients for many months.	Disruption of multiple services for several months.	Major breach of regulation with punitive fine, and significant litigation involving many weeks of senior management time and up to $3m legal costs.	Significant disruption that will require considerable senior management time over several weeks.	Major environmental damage; fines or litigation costing $1m - $3m, medium term effect on community, facilities, or projects.
Tier 3	Moderate	$300k - $999k	Short term disability to one or more persons. Some turnover of key staff and loss of key skills, knowledge and expertise.	Local media coverage over several days; senior managers depart; noticeable loss of clients for many months.	Total cessation of one service for a few months.	Breach of regulation with investigation by authority and possible moderate fine, and litigation and legal costs up to $999k.	Disruption that will require senior management time over two weeks.	Moderate environmental damage; fines or litigation costing $300k – 999k, short term effect on community, facilities, or projects.
Tier 2	Minor	$10k - $299k	Significant medical treatment; lost injury time <2 weeks. Some staff turnover with minor loss of skills, knowledge and expertise.	Local media coverage, and complaints to management.	Some service disruption in the area.	Breach of regulations, fine or legal costs, litigation.	Will require some senior management time over many days.	Minor environmental damage; fines or litigation costing $10k – 299k, minor impact on community, facilities, or projects.
Tier 1	Insignificant	<$10k	First aid or minor medical treatment No staff turnover.	No media coverage, complaint to employee or Councillor.	Minimal disruption.	Minor legal issues or breach of regulations.	Will require some management attention over several days.	Minimal environmental damage; with no impact on community, facilities, or projects.

The consequence levels and descriptions have been established based on the severity of the risk event:

Level 1	Insignificant
Level 2	Minor
Level 3	Moderate
Level 4	Major
Level 5	Extreme

The likelihood levels and descriptions have been established based on the likelihood of a risk event occurring:

	Likelihood	The event with its associated consequence
Tier 5	Almost certain	The event is expected to occur as there is a history of regular occurrence at the organisation and/or similar institutions, or new conditions make it very likely to occur.
Tier 4	Likely	There is a strong possibility the event will occur as there is a history of frequent occurrence at the organisation or similar institutions, or new conditions make it likely to occur.
Tier 3	Possible	The event might occur at some time as there is a history of casual occurrence at the organisation or similar institutions, or new conditions make it possible to occur.
Tier 2	Unlikely	The event is not expected and has not casually occurred before, but there is a small possibility it may occur at some time in certain circumstances.
Tier 1	Rare	The event is highly unlikely. It may occur in exceptional circumstances but has never occurred before. It could happen, but probably never will.

The Risk Levels have been established for each category, based on the likelihood versus consequence of the risk event occurring.

The risk accountabilities are as follows:

Low	Existing controls are to be maintained. Risk assessment is to be reviewed and approved by Manager.
Medium	Plans are to be developed to reduce these risk areas to low within two years. Risk assessment and action plans are to be reviewed and approved by Manager. Where no reasonable options can be identified, the risk may be accepted, provided it is approved by the Leadership Team and Audit and Risk Committee.
High	Plans to reduce the risk or are to be developed, in consultation with the applicable Manager, within a month of identifying the risk. Permanent controls are to be implemented within six months to reduce the risk to medium or lower. Existing controls are to be monitored to confirm they are effective. High-rated risks and associated action plans are to be reviewed by the Leadership Team within one month of being identified and presented to the Audit and Risk Committee each quarter and reported on a monthly basis to the Council.
Extreme	Actions must be taken immediately, in consultation with the Chief and/or CEO, to develop a plan to address the risk/opportunity before continuing. Where possible interim measures must be identified to manage the risk before a permanent control can be implemented. Permanent controls are to be implemented as soon as practicable to reduce the risk to high or lower. Existing controls are to be monitored to confirm they are effective.

The risk assessment matrix in Table 3 is to be utilised when assessing and applying a risk level to a strategic and operational risk.

As noted above, based on the category assigned to each strategic and operational risk, utilising the risk matrix in Table 3, which identifies the likelihood versus consequence if the event were to occur, identifies the appropriate risk level to be applied.

Table 3 - Risk Assessment Matrix

		Consequence				
		1 Insignificant	**2 Minor**	**3 Moderate**	**4 Major**	**5 Extreme**
Likelihood	**5 Almost certain**	Medium	High	Extreme	Extreme	Extreme
	4 Likely	Medium	Medium	High	Extreme	Extreme
	3 Possible	Low	Low	Medium	High	Extreme
	2 Unlikely	Low	Low	Medium	Medium	High
	1 Rare	Low	Low	Low	Medium	High

12.4 Risk Management Framework and Guidelines

The aim of the risk management framework and guidelines is to:

a) Establish Context

b) Identification of Risks

c) Analysis of Risks

d) Evaluation and Prioritisation of Risks

e) Treatment of Risks

f) Monitoring and Reviewing of Risks

g) Documentation and Procedures

h) Communication and Training

i) Roles and Responsibilities

12.5 Financial Implications

Council's risk management requirements will be funded through the normal budget allocation process as approved.

Departmental risk management strategies and action plans will be funded through departmental budget allocations depending on responsibilities and the implementation program.

The aim of the Risk Management Manual is to deliver benefits to Yarriambiack Shire Council that will result in positive financial benefits through:

a) Reduced Insurance Premiums

b) Lower Levels of Litigation

c) Improved Health, Safety and Wellbeing

d) Enhanced Governance and Compliance

12.6 Statutory Implications

The Risk Management Manual should provide for the ongoing management of risk at the corporate, department and business unit level.

This approach to the management of risk will assist Council's compliance with policy, legal, and statutory obligations.

12.7 Social Consideration

Council has a responsibility to minimise losses to community assets, infrastructure and interests.

12.8 Environmental and Sustainability Considerations

The Risk Management Manual aims to minimise and mitigate any risks identified from environmental and sustainability matters that could impact Council.

12.9 Communication and Training

Ongoing communication and training will be conducted to embed risk management practices across the Council, including Councillors and all employees, to ensure that risks are addressed and minimised throughout all Council operations.

Chapter 2 - Risk Management Policy

13 Purpose and Overview

Effective risk management protects and creates value for the Yarriambiack Shire Council by enabling informed decision making, setting and achieving objectives and improving performance.

Management of risk must be an integral part of Yarriambiack Shire Council's culture, reflected in policies, systems and processes. This includes strategic business planning, performance, management and overall governance to ensure sound financial management and effective service delivery.

14 Aim and Objectives

Yarriambiack Shire Council has a responsibility to effectively identify, assess, mitigate and manage the risks and opportunities associated with its operations and facilities, as far as reasonably practicable. In line with our Council Plan, we actively maintain and review a comprehensive Strategic and Operational Risk Register across the organisation.

Our objectives for managing risks and seizing opportunities are to:

a) Successfully meet Council goals and objectives as stated in the Yarriambiack Shire Council's Council Plan.

b) Deliver high quality services, which make efficient use of the limited resources available.

c) Support our approach to meeting legislative and other regulatory requirements.

d) Safeguard our assets, people, finances, property and information.

e) Create an environment where all Councillors, employees, volunteers and contractors will assume responsibility for managing risks associated with their areas of responsibility.

f) Continuously improve our approach to issues and concerns, enhance our performance, and strive to become a leading local council in Victoria in risk management.

15 Governance

The Yarriambiack Shire Council Risk Management Manual describes the minimum risk management requirements Council is required to meet to demonstrate how the Council is managing risk effectively, including shared significant risk.

Council adopts the ISO 31000:2018 Risk Management – Guidelines, which provides an internationally accepted basis for best practice risk management.

The Victorian Government Risk Management Framework (VGRMF) is mandated by the Standing Direction of the Minister for Finance's (*Ministerial Standing Direction) 3.7.1 – Risk Management Framework and Processes* and provides high level information for State Government agencies.

Whilst Council is not legislated to utilise the VGRMF or adopt the requirements of the Standing Directions, Council does utilise the VGRMF as best practice guidance framework.

Council also utilises detailed guidance, information and risk management support from the Victorian Managed Insurance Authority (VMIA).

16 Policy Statement

The Councillors' and management of Yarriambiack Shire Council are committed to the ongoing identification, assessment and management of risks and opportunities associated with the performance of Council functions, the delivery of Council services, as far as is reasonably practicable. This commitment aligns with the strategic objectives of the Council Plan, ensuring that risk management is an integral part of our culture, policies, systems, and processes. This includes strategic business planning, performance management, and overall governance to ensure sound financial management and effective service delivery.

16.1 Risk Appetite

The Councillors, on recommendation from the Audit and Risk Committee and Leadership Team, adopt the risk appetite of the Council. The risk appetite is Council's primary connection between the strategic objectives of Council and its risk tolerance levels. The risk appetite will set the boundaries to define how much risk Council is prepared to accept.

Yarriambiack Shire Council – Risk Appetite Definitions

<u>Cautious Risk Appetite</u>

Yarriambiack Shire Council has a cautious appetite for risk where there is a high potential impact on community safety, legal compliance, financial sustainability, or Council's reputation.

In these areas, Council seeks to avoid or minimise risk wherever reasonably practicable, and will prioritise compliance, safety, and stability over opportunity. Activities are expected to operate within well-established practices, with strong controls, clear accountability, and minimal tolerance for adverse outcomes, particularly where legislative obligations apply.

This appetite reflects Council's responsibilities as a public authority and steward of community trust, and recognises the potentially disproportionate consequences of failure for a small rural Council.

<u>Controlled Risk Appetite</u>

Yarriambiack Shire Council has a controlled appetite for risk where managed risk-taking is necessary to deliver services, maintain assets, and respond to changing community needs.

Council is prepared to accept a moderate level of risk in these areas, provided risks are well understood, actively managed, and subject to appropriate oversight and review. Decisions are informed by clear evidence, cost-benefit considerations, and alignment with Council's strategic objectives.

This appetite supports continuous improvement and operational effectiveness, while recognising the need to carefully manage limited organisational capacity and resources.

<u>Accepting Risk Appetite</u>

Yarriambiack Shire Council has an accepting appetite for risk where taking informed and deliberate risks may deliver long-term benefits for the community or advance Council's strategic priorities.

In these circumstances, Council acknowledges that not all risks can or should be avoided, and is prepared to accept higher levels of residual risk where the potential benefits justify the exposure and impacts remain within agreed limits. This includes advocacy, partnerships, innovation, and initiatives aimed at long-term sustainability or service transformation.

Risks under this appetite remain subject to transparency, governance oversight, and regular review.

Refer to Appendix One – Council's Risk Appetite Statement

16.2 Risk Culture

Risk culture refers to the system of beliefs, values and behaviours throughout Yarriambiack Shire Council that shapes the collective approach to managing risk and making decisions. Council has adopted a positive risk culture, where staff at every level appropriately manage risk as an intrinsic part of their day-to-day work.

To encourage a positive risk culture, Council has implemented the following key principles of effective risk culture:

Tone from the Top

The Councillors, Audit and Risk Committee and Chief Executive Officer have set a tone from the top with a consistent set of values, standards, expected behaviours and practices to adhere to in relation to risk management.

Accountability

Council has established:

a) A reporting framework to monitor and manage risk.

b) A Human Resource Policy and Guidelines Manual and Employee Code of Conduct that outlines expected employee behaviours and disciplinary actions.

c) Position descriptions that include risk management responsibilities.

d) An Audit and Risk Committee with a defined Charter.

Strategy

The strategy is reviewed every three years. The Chief Executive Officer undertakes an annual desktop review to confirm it remains fit for purpose and aligned with the current operating environment.

Communication

The Council is dedicated to fostering open communication among Line Managers and team members to assess the likelihood of risks and their potential impacts. Effective communication is recognised as a vital tool to help the Council prevent potential issues.

Awareness and Recognition of Positive Risk Culture

Management is committed to recognising positive risk practices across the organisation and promoting the effect those practices have on good governance and reducing Council's risk profile.

Escalation of Risk

Incidents or high-risk activities are escalated to Chiefs, Managers and/or the CEO and assessed to mitigate risks as soon as identified.

Supporting Tools, Templates and Mechanisms

Risk Management is embedded into decision making practices. This is outlined in section 15.5.

Continuous Improvement

Council is dedicated to continuous improvement. Our leaders recognise and value risk culture as a key driver of positive risk outcomes. Together with the Chief Executive Officer, the Council is responsible for establishing, promoting, and maintaining an appropriate risk culture.

The management process for a prioritised focus on risk culture includes:

a) Understanding the Council's current risk culture and defining the desired risk culture.

b) Identifying any gaps between the Council's current risk culture and desired risk culture.

c) Defining the Council's approach to evolve the risk culture to close gaps over time.

16.3 Risk Management Practices

Where possible, risk management practices are to be embedded in new and existing policies and procedures to control identified risks and challenges.

Council established and maintains a Strategic Risk Register and an Operational Risk Register to identify, manage, mitigate and control risks across the Council.

Each strategic and operational risk area will undergo a process of identification, assessment, implementation of control measures, and monitoring to reduce the Council's risk profile.

All identified risks will be reviewed quarterly, and control measures along with their effectiveness will be updated as necessary.

The following Strategic Risks and Operational Risk Categories have been established in the RelianSys Software.

Strategic Risk Categories	**Operational Risks Categories**
Innovation Risk	Asset Management
Corporate Governance, Compliance and Liability Risk	Regulatory, Statutory and Governance Compliance Management
Security and Technology Risk	Information Communication Technology Management
People and Talent Management Risk	Emergency Management
Reputational Risk	
Political Risk	
Financial Risk	
Environmental Sustainability Risk	
Program and Project Risk	
Strategy Execution and Change Management Risk	

Strategic Risk Categories	Operational Risks Categories
Occupational Health and Safety Risk	

16.4 RelianSys Software

Council utilise RelianSys Software to record, monitor, analyse and report on all Strategic and Operational risks.

16.5 Embedding Risk Management Practices

Risk management practices are embedded into Council's day-to-day functions as follows:

a) Strategic Planning

b) Development of Project Mandates (Business Cases)

c) Council Decision Reports

d) Council Events

e) Occupational Health and Safety Incident, Near Miss and Hazard Reporting

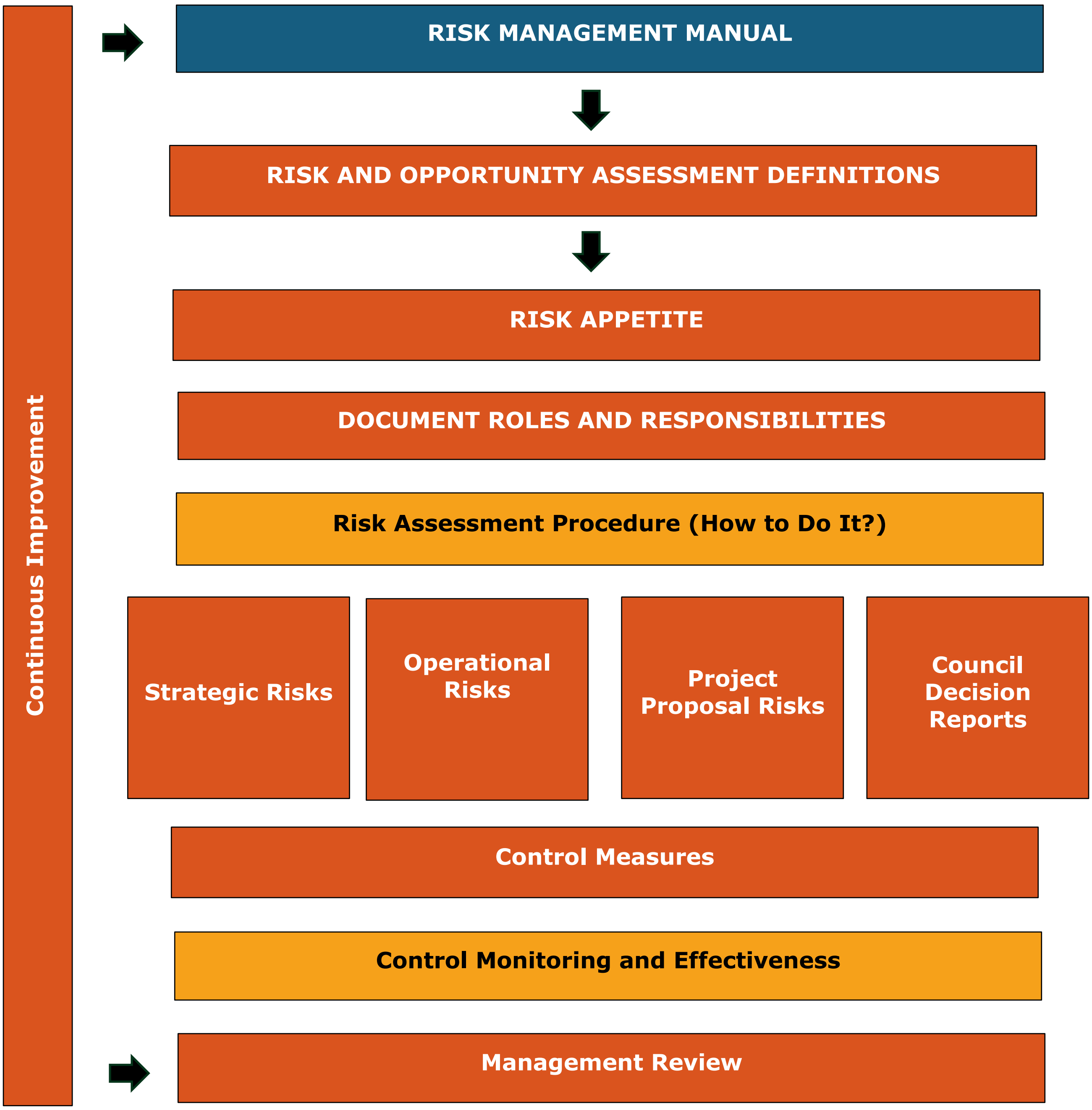
Emergency Management Practices

Chapter 3 - Framework and Guidelines

17 Overview

This section provides guidance and support to effective risk management practices.

The following Risk Management Framework outlines how risks are managed by Yarriambiack Shire Council:



18 Risk Evaluation

Risk evaluation is conducted to support decision-making, including determining whether to accept the risk (especially if it aligns with the Council's risk appetite) or to mitigate the risk through additional treatments and prioritise those treatments.

Factors to use in evaluating a risk include:

a) Comparing the level of the risk against the Council's level of acceptable risk.

b) Determining the level of the risk to be so low that treatment is not appropriate.

c) Assessing if the opportunities outweigh the threats to such a degree that the risk is justified.

d) Considering if the cost of further treatment is excessive compared to the benefit.

e) Checking to ensure there is an available treatment.

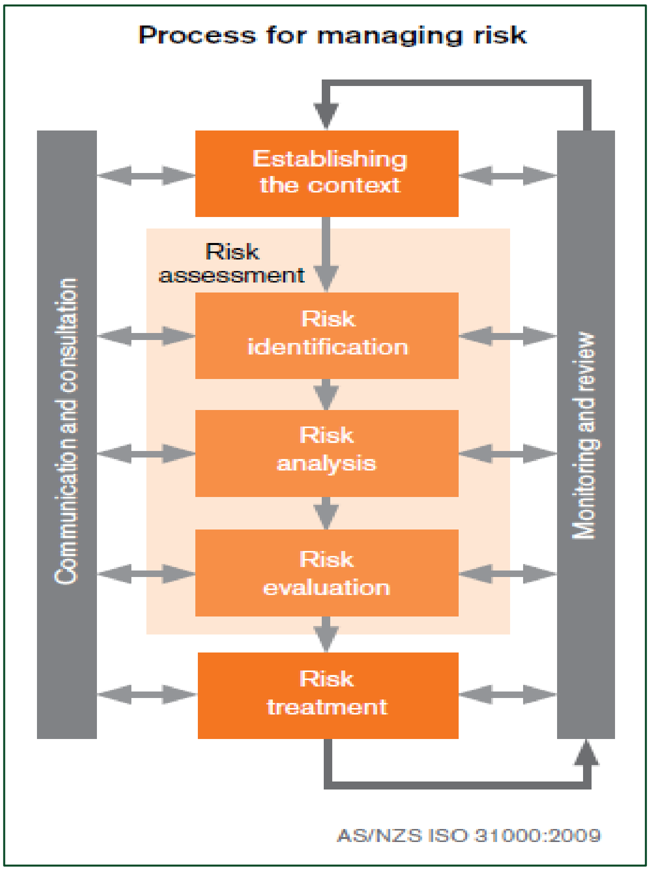
The risk evaluation should be conducted by the Risk Owner (applicable Chief, Manager, or the CEO). The risk evaluation may lead to a decision that either:

a) Accepts the risk;
   - i. Further treatment may be applied but will be a lower priority; or
   - ii. If no further treatment, ongoing monitoring of the risk and controls is required to ensure the risk remains acceptable.

b) Does not accept the risk;
   - i. Further treatment will be required to bring the risk within the Council's risk appetite;
   - ii. The risk owner may be required to undertake further analysis to better understand the risk; or
   - iii. The Council may need to reconsider objectives.

19 Process for Managing Risk

The following diagram outlines the specific risk and opportunity assessment process to be applied, irrespective of what is being assessed:



19.1 Establish the Context

Determine the 'scope' or 'boundary' or 'thing' you are assessing the risks for. For example, understand whether it is a once off project or an ongoing process.

Go through a process of understanding the drivers for your project, such as using the P-E-S-T-L-E framework:

- **P**olitical
- **E**conomical
- **S**ocio-cultural
- **T**echnological
- **L**egal
- **E**nvironment

Identify the factors affecting the area under assessment, including consideration of:

- The Council Plan's objectives.
- Legal and regulatory obligations.
- Voluntary commitments of Yarriambiack Shire Council.
- Other groups outside the 'boundary' being assessed.

19.2 Risk Identification

After understanding the boundary and drivers, identify as many risks and opportunities as you can.

Use the strategic risk categories to assist with the brain-storming. Council's internal and external audit program, along with reports from the Victorian Auditors Generals Office, Local Government Inspectorate, Independent Board-based Anti-corruption Commission and the Ombudsman can be useful tools to identify risks and opportunities for improvement across Council.

19.3 Risk Analysis

For each risk, consider the impact of the existing controls on managing the risk in relation to the area being assessed, and rate the current residual risk using the likelihood and consequence definitions.

Most importantly, consult widely when analysing risks. Consider internal and external stakeholder views. Conduct risk workshops where participants vote on risks to gauge different viewpoints on risk and opportunity importance.

19.4 Risk Evaluation

After rating all the risks, rank them in order and consider the overall impact on the area being assessed. These results are documented in either the Strategic or Operational Risk register.

It may help to plot the risks on a risk matrix to get a visual idea of how many extreme, high, medium and low risks there are overall.

Identify those risks and opportunities which need additional controls in line with Yarriambiack Shire Council's risk appetite.

19.5 Risk Control Measures

Based on the results of the evaluation, input and develop additional controls and document them in RelianSys Software, together with timeframes for implementation.

For Strategic Risks, the Chief Operating Officer is responsible for overseeing the control measure implementation.

For Operational Risks, Managers are assigned the responsibility for implementing control measures.

Both of these responsibilities are carried out in collaboration with employees across the organisation.

Risk control measures established in RelianSys software are as follows:

Control Measure	Type	Description
Elimination	Corrective	Physically remove the hazard.
Substitution	Corrective	Replace the hazard.
Engineering Controls	Corrective	Uses physical or mechanical systems to correct and mitigate risks after they occur and isolate people from the hazard.
Administrative Controls	Corrective	Implements measures to correct issues and return to normal operations and change the way people work.
Personal Protective Equipment	Corrective	Protect the worker with personal protective equipment.
Training – Competency	Corrective	Addresses and rectifies identified skill and knowledge gaps in employees.

Control Measure	Type	Description
Procedures	Corrective	Provides steps to correct issues and return to normal operations after a risk event.
Policies	Corrective	Provides a framework for corrective actions after a risk event.
Testing	Corrective	Addresses and fixes issues identified during testing.
Plan	Corrective	Specific action or strategy implemented to monitor, manage, or mitigate risks and ensure the successful execution of a project or operational plan.
Administrative Controls	Detective	Monitors and identifies risks during operations and change the way people work.
Personal Protective Equipment	Detective	Protect the worker with personal protective equipment.
Training – Competency	Detective	Identifies gaps in employee skills and knowledge during ongoing operations.
Checklist	Detective	Identifies any missed steps or errors during operations.
Testing	Detective	Identifies issues and risks during regular testing.
Plan	Detective	Specific action or strategy implemented to monitor, manage, or mitigate risks and ensure the successful execution of a project or operational plan.
Elimination	Preventative	Physically remove the hazard.
Substitution	Preventative	Replace the hazard.
Engineering Controls	Preventative	Uses physical or mechanical systems to prevent risks before they occur and isolate people from the hazard.
Administrative Controls	Preventative	Implements organisational measures to prevent risks and change the way people work.
Personal Protective Equipment	Preventative	Protect the worker with personal protective equipment.
Training – Competency	Preventative	Ensures employees have the necessary skills and knowledge to prevent risks from occurring.

Control Measure	Type	Description
Procedures	Preventative	Establishes standard methods to prevent risks from occurring.
Checklist	Preventative	Ensures all necessary steps are taken to prevent risks.
Schedule	Preventative	Plans and organises tasks to prevent risks from occurring.
Work Instructions	Preventative	Provides detailed guidance to prevent risks during task execution.
Policies	Preventative	Sets rules and guidelines to prevent risks.
Register	Preventative	Keeps track of potential risks and controls to prevent them.
Obligation	Preventative	Automated reminders and escalation procedures are in place. Relevant details are included in the obligation record, and evidence must be uploaded during sign-off. Monthly reports of due soon or overdue items are presented to the Leadership Team.
Plan	Preventative	Specific action or strategy implemented to monitor, manage, or mitigate risks and ensure the successful execution of a project or operational plan.

19.6 Monitoring and Review

The control measures, along with their effectiveness, are to be reviewed each quarter and the Risk Owner assigned to the risk is allocated the task of recording the control measure effectiveness in RelianSys Software.

The Risk Owner collaborates with employees across the organisation to determine the accuracy and effectiveness of these control measures.

The CEO, Chiefs, Managers and Governance Support Officer have access to RelianSys Software – Risk Module. The level of access provided is to ensure Risk Owners and administrators can monitor and/or manage risk controls.

19.6.1 Control Measure Effectiveness Testing

Control effectiveness testing involves the regular review of Council's control measures to ensure they are designed and operating effectively to minimise the risks they are intended to mitigate.

Control testing and validation is important in ensuring Council is reviewing its risks and developing effective methods to minimise the impacts where possible. The establishment of an effective controls framework includes:

a) **Defining a controls library** - A controls library contains common controls testing examples, including what is considered to be a key control. A key control can provide reasonable assurance that material errors may be detected and prevented in a timely manner. This could include policies and procedures, embedded authorisations and approval process, training and clear descriptions or segregation of duties.

b) **Identifying control ownership** - Control owners should be identified and designate roles and responsibilities defined. It may also be beneficial to focus on accountability and consequences of a failure to control and mitigate the risk as part of the Risk Owner's performance reviews.

c) **Control testing and validation -** Controls should be regularly reviewed to ensure they are designed and operating effectively to minimise the risks they are intended to mitigate. Control testing and validation could include:

- Control self-assessments by control owners.
- Consideration of breaches, internal audit findings and / or any process issues identified during the year as part of the annual review of the risk profile.
- Regular review and testing of key controls by either re-performing the control, observing / inspecting it is functioning correctly.

The effectiveness of control measures is defined in the Operational and Strategic Risk Registers as follows:

CONTROL EFFECTIVENESS	DESCRIPTION
Effective	This control measure is 100% effective.
Good	This control measure is 75% effective.
Fair / Partially Effective	This control measure is 50% effective.
Poor	This control measure is less than 25% effective.

20 Risk Maturity

Risk maturity describes risk capability and the level of sophistication a Council operates at in terms of its risk processes and procedures. Risk maturity is not a static concept and should be tailored to reflect how risk can best support delivery of the Council's strategic objectives.

As Yarriambiack Shire Council's environments change, risk management evolves to ensure that it continues to support Council achieving its objectives. Council should always consider developing and implementing strategies to improve its risk maturity (or maintain it at the desired level) to ensure it supports effective risk management.

21 Risk Management – Position Descriptions and Charters

As individuals, we all play a part in managing risk at Yarriambiack Shire Council in relation to our organisation, our people and the environment. Specifically, the following roles and responsibilities are assigned for managing risks and opportunities:

Audit and Risk Committee

- Review the Risk Management Manual, and Yarriambiack Shire Council's risk appetite, risk management system and risk profile on an annual basis, and suggest amendments as required.

Councillors

- Provide adequate people and budget resource provision for risk management.
- Based on recommendations from the Audit and Risk Committee, review and approve the Risk Management Manual on an annual basis, and suggest amendments as required.

Chief Executive Officer

- Maintain overall responsibility for the effective identification and management of all types of risk across Yarriambiack Shire Council's operations.

Managers

- Overall accountability for the ongoing implementation and continuous improvement of risk management within their division. This includes the ongoing maintenance of operational risks registers and action plans for all functions in their division.
- As part of the Leadership Team Meeting, review and approve the Risk Management Manual, and Yarriambiack Shire Council's risk appetite, risk management system and risk profile on an annual basis.
- Yarriambiack Shire Council's Risk Management Manual and the application of sound risk management practices within the workplace and community are observed and complied with at all times.

Chief Operating Officer (Risk Manager)

- Facilitate the identification and management of strategic and operational risks across the organisation, including special committees of Yarriambiack Shire Council.
- Advise management and staff of compliance risks in terms of relevant legislation and standards and the action necessary to manage these risks.
- Ensure that Yarriambiack Shire Council's assets and operations, together with liability risks to the public, are adequately protected through appropriate risk management and loss control programs and measures.
- Build a risk awareness culture across the Yarriambiack Shire Council that ensures risks are actively identified and treated and opportunities maximised.
- Ensure Yarriambiack Shire Council's Risk Management Manual and the application of sound risk management practices within the workplace and community are observed and complied with at all times.

People and Safety Officer

- Ensure that Yarriambiack Shire Council's assets and operations, together with liability risks to the public, are adequately protected through appropriate risk management and loss control programs and measures.
- Build a risk aware culture across the Yarriambiack Shire Council that ensures risks are actively identified and treated and opportunities maximised.
- Ensure Yarriambiack Shire Council's Risk Management Manual, program and the application of sound risk management practices within the workplace and community are observed and complied with at all times.

Supervisors, Coordinators and Team Leaders

- Ensure Yarriambiack Shire Council's Risk Management Manual, program and the application of sound risk management practices within the workplace and community are observed and complied with at all times.

- Support their Chief and/or Manager to identify, assess and manage risks and opportunities in their functional area, including the development and implementation of approved work practices.
- Ensure the provision of a safe and healthy work environment and the implementation of appropriate safe work practices and control measures.
- Communicating risk management protocols, as outlined in this Manual, to employees, volunteers and contractors.
- Consulting with employees, volunteers and contractors to identify, assess and manage risks and opportunities associated with their work.

Employees

- Ensure Yarriambiack Shire Council's Risk Management Manual, program and the application of sound risk management practices within the workplace and community are observed and complied with at all times.
- Perform duties in a manner that considers significant risks and opportunities, adhering to approved work practices at all times.
- Identifying new or emerging threats or opportunities in their everyday actions and communicating with their Supervisors and Managers to adequately manage the associated risks.
- Provide risk management related information as requested.
- Consulting with Managers and Supervisors if there is any uncertainty in relation to risks and opportunities in their work.

Contractors and Volunteers

- Perform duties in a manner that considers significant risks and opportunities, adhering to approved work practices at all times.
- Consulting Supervisors and Yarriambiack Shire Council contacts if there is any uncertainty in relation to risks and opportunities in their work.
- Provide risk management related information as requested.

22 Insurance as a Risk Management Tool

Council should make best use of their available resources and assets to manage risk and minimise loss. Insurance may be used to transfer or manage the risk of financial loss. The use of insurance needs to be considered in the context of:

a) The nature of the risk;

b) The availability of alternative risk management and risk mitigation strategies;

c) The financial consequences of choosing not to insure; and

d) The level of loss the Council can bear.

The level of insurance required should be based on:

a) The Council's risk profile and risk appetite.

b) Past claims experience.

c) The availability and cost of insurance.

Insured risk needs preventative and mitigating treatments where appropriate to reduce the probability of occurrence or severity of the outcome of an adverse event, and to provide a cost benefit analysis of potential actions.

If the risk is not insurable, the Council's risk management process should set out an alternative response to address the risk.

Council is to keep a register of all insurance policies, and a report is to be provided to the Audit and Risk Committee on an annual basis, in accordance with the Annual Workplan.

23 AS ISO 31000:2018 Risk Management – Guidelines

Each Council is unique and the approach to managing risk needs to be appropriate and tailored to the activity, size, complexity and risk profile of the Council. Council's approach to risk management must be consistent with the AS *ISO 31000:2018 Risk Management – Guidelines*.

24 Risk Evidence Checklist

Council should undertake a Risk Evidence Checklist annually and submit to the Audit and Risk Committee for review on an annual basis.

Refer to Appendix Two – Risk Evidence Checklist

25 Risk Management Assurance Map

Council is to complete a Risk Management Assurance Map for Council's risk registers and report to the Audit and Risk Committee and Council on an annual basis.

26 Risk Register Review

In addition to quarterly reviews, the Risk Register must undergo a comprehensive review every four years, following the adoption of a new Council Plan. This strategic review is essential to ensure that all recorded risks are appropriately aligned with the updated strategic objectives outlined in the new plan.

The purpose of this four-year review is to validate that the Risk Register accurately reflects the current priorities, challenges, and goals of Council. It involves reassessing existing risks, identifying any new or emerging risks, and confirming that each risk is clearly linked to the relevant strategic outcomes. This process helps ensure that Council's risk management practices remain forward-looking, responsive, and integrated with its long-term planning framework.

By aligning risk records with the strategic direction of Council, this review supports more informed decision-making, enhances organisational resilience, and strengthens accountability across departments.

27 Emergency Management

Emergency management contributes to community safety through the reduction of the impact of emergency related events that can cause death, injury, loss of property and community disruption. The planning for, and the management of, emergencies is a shared responsibility with communities, government, agencies and business.

The potential consequences of emergencies can be sudden, visible and highly damaging. Victoria has in place a governance structure that assists in managing emergency risks through a shared vision of *safer and more resilient communities*.

Victoria operates a multi-agency framework for emergency management that enables capacity to adapt to new or changed circumstances, within a broader emergency management system.

APPENDIX ONE – RISK APPETITE STATEMENT

Overall Risk Appetite	We want everyone to take responsibility for the management of risk in our organisation. Specifically, we are willing to engage with higher levels of risk where the outcomes would benefit our employees, contractors and community. Conversely, we have little to no appetite for engaging with risk that could harm our employees, contractors and community.
Definitions	*Cautious Appetite: Seek safe delivery options. Remain with existing situation. Appetite for risk taking is limited, this can be due to stringent legislative constraints and/or significant consequences.* *Accepting Appetite: Prepared to invest money, time and/or resources for an overall benefit to community or stakeholders. Acknowledge that potential loss from a risk is not great enough to warrant spending money to avoid it.* *Controlled Appetite: Is a tightly controlled environment with stringent process and procedures to follow with a strong accountability framework to measure and monitor compliance.*

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	Tolerable	Unacceptable
Financial	Council has adopted a **cautious appetite** to financial management, with a focus on the reduction of volatility and prudent cost management being essential. Yarriambiack Shire Council has been identified as financially unsustainable and remains significantly dependent on grant funding. It is imperative that the Council operates in alignment with the objectives established in its Long-Term Financial Plan review. Council will aim to operate within a 10% tolerance level when comparing actuals versus budget. We will measure this by: • Monitoring and reporting on expenditure against adopted budget via Councils quarterly Financial and Non-Financial Performance Report.	Annual Councillor approved budget Financial and Non-Financial Performance Report Annual Report	<10%	10.0% – 15.0%	>15.0%
	Effective cashflow management is essential for robust financial administration. The council's objective is to ensure that rates and charges are paid by their due dates, supported by a comprehensive system for monitoring and managing outstanding debts. We will measure this by: • Reporting on rates and charges raised and paid during the financial year. This data will be provided in the quarterly Financial and Non-Financial Performance Report.		= or <10.0%	11.0% - 15.0%	>15.0%
	Proactively address outstanding debts to improve cash flow management by, as a last resort, engaging a debt collection agency and utilising the provisions set out in Section 181 of the Local Government Act 1989. We will measure this by: • Selling properties via the Section 181 process.		Sell > 10 properties per year	Sell between 8 – 10 properties per year	Sell < 8 properties per year

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	Tolerable	Unacceptable
	• Reducing overall debt from rates and charges utilising the services of a debt collection agency.		= or <10.0%	11.0% - 15.0%	> 15.0%
	Paying suppliers on time is crucial to ensure uninterrupted supply chain operations, build strong trust and maintain healthy cash flow for both parties. We will measure this by: • Paying Suppliers in 30 days or less		30 days or less	30 – 35 days	>35 days
	Cash handling poses a risk to fraud and corruption for Council. Council aims to reduce its cash handling practices whilst ensuring there is a robust framework for operations. Council operates the following areas where cash maybe presented: Customer Service, Caravan Parks and Transfer Stations. Council is encouraging cashless transactions, reduces available petty cash floats and has moved to online booking systems. We will measure this by: • Producing an annual assessment on revenue with a breakdown on cash versus card transactions at: Caravan Parks and Transfer Stations.		= or < 20% revenue collected as cash at transfer stations and caravan parks	21% - 35% revenue collected as cash at transfer stations and caravan parks	> 35% revenue collected as cash at transfer stations and caravan parks
	Excess annual leave poses a financial liability risk for Council and appears as a Balance Sheet liability. In addition, excess annual leave can demonstrate staff are not disconnecting from the workplace, posing a health and safety risk for Council. We will measure this by: • Maintaining the number of staff with excess of 8 weeks leave at <10% (excluding the CEO who has a separate	Key Pay Reports	<10.0%	10.0% - 15.0%	>15.0%

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	Tolerable	Unacceptable
	leave plan as reported to the CEO Employment and Renumeration Committee). • All staff who have excess leave of 8 weeks, must have a Leave Plan in place to reduce annual leave balance within 12 months to below 304 hours (or equivalent if part time).		0	1	= or > 2
	Not completing financial and performance reporting within the required timeframes exposes Council to legislative breaches. We will measure this by: • Completing the Financial Reporting, including the Local Government Performance Reporting to VAGO and Local Government Victoria within required timeframes.	Sector VAGO Audits Local Government Report Local Government Performance Reporting Framework	Days Late =0	No tolerance	No tolerance
People and Talent Management	Council has adopted an **accepting appetite** with an aim of testing and applying new approaches to ensure we remain an employer of choice in our region, while maintaining safety and service levels. We measure this by: • maintaining an annualised staff turnover rate of 18% or less over a rolling 12-month period (excluding retirements).	Sector Average staff turnover based on 22/23 VAGO LG Audit Results	≤18%	19% – 21%	≥21%
	Council has adopted a flexible workplace approach which aims to reduce absenteeism. We will measure this my: • ensuring our rate of staff absenteeism remains at ≤5% in each month (excluding sick leave gratuities paid).	Human Resource Guidelines Manual	<5.0%	5.0% – 7.0%	> 8.0%

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	**Tolerable**	**Unacceptable**
Reputational	Council has taken a **cautious appetite** to ensure that we maintain our community's valuable position of trust. We will measure this by: • Aiming to score an overall minimum of 60% as part of the Annual Community Satisfaction Survey results.	Annual Community Satisfaction Survey	≥60%	55% – 60%	≤55%
	We will measure this by: • Reporting on the number of complaints received and that are still open greater than the accepted 28 days; • Producing a quarterly Customer Request Management Report for the Leadership Team and Councillors, outlining Councils demand for service and response statistics; and • Reporting on the number of matters referred to the Victorian Ombudsman in which Council must respond.	Complaints Handling Policy and Procedure Customer Request Management Report	Complaints open <28 days Report Quarterly to Council 0 annually	28 days 2 annually	>29 days ≥ 3 annually
Innovation	Council has adopted a **cautious appetite** to innovation. Yarriambiack Shire operates with tight financial capacity and limited ability to absorb failure. We will measure this by: • Reporting on innovation, which will be tested and applied only when supported by a strong business case. In instances requiring financial investment or reallocation of Council funds, Council endorsement through a formal Council Decision is required. We will report on the number of business cases presented to CEO and/or Council and number of business cases requiring a Council decision.	Business Cases and Council Decision supporting Innovation	Number of Business Cases presented to CEO and/or Council Number of Business Cases requiring a Council Decision		

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	**Tolerable**	**Unacceptable**
	(Innovation is defined in the risk management manual as a process of turning a new idea or method into a practical solution that creates measurable value).				
Corporate Governance, Compliance and Liability	Council has adopted a **cautious appetite** in regard to corporate governance, compliance and liability risk. Council is cautious and will accept minimal risk. Activities are to be well controlled and consistent with legal and community expectations. In addition assets should only be utilised for their intended purpose. We will measure this by: • Reporting on the number of extreme consequence level audit actions not rectified within one month.	Legislation, regulations and statutory guidelines Internal and External Audits	Completed and adopted within <30 days	Completed and adopted within 30 – 60 days	Completed and adopted > 60 days
	We will measure this by: • Engaging an Internal Auditor for a maximum of 5 years with strategic internal audit plan in place and adopted by Audit and Risk Committee.	Auditor engagement and A&R Committee meetings	Engage auditor for maximum 5 years – with current program in place	Engage auditor for maximum 5 years – with current program in place	No active contract in place and/or no adopted strategic internal audit plan.
	• Engaging an Internal Auditor to undertake two internal audits per year.		2 Internal Audits Completed per financial year	1 Internal Audits Completed per financial year	0 Internal Audits Completed per financial year
	• Establishing a functioning Audit and Risk Committee that meets at minimum quarterly in accordance with the endorsed A&R Committee Charter, Terms of Reference and Workplan.		A&R Committee meets five times per year as minimum	A&R Committee meets four times per year as minimum	A&R Committee meets three times or less per year.

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	Tolerable	Unacceptable
	The Council has implemented a Performance Reporting Framework designed to effectively monitor compliance risks, supported by exception reporting. Each quarter the following reports are provided to Leadership Team, Audit and Risk Committee and Council: • Quarterly Financial and Non-Financial Performance Report • Quarterly Management Report • Quarterly Customer Request Management Report Each Quarter the following report is provided to Leadership Team and Council: • Council Plan Yearly Actions Progress Report	YSC Performance Reporting Framework	Quarterly Reports	Quarterly Reports	Quarterly Reports
	Council has engaged an under excess claims handler to manage Councils Public Liability Claims where they do not meet insurance thresholds. In addition, Council has insurance coverage to address Public Liability Claims where thresholds are met. We will report and measure this by: • Reporting on the number of under excess claims received in the financial year, along with the number that have been accepted and/or rejected. • Reporting on the number of public liability insurance claims received in the financial year, along with the number that have been accepted and/or rejected.	Under excess claims Public Liability insurance claims	Number of Under excess claims, including number accepted / rejected Number of Public Liability claims, including number accepted / rejected		

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	**Tolerable**	**Unacceptable**
	The Council is committed to fulfilling all reporting obligations mandated by legislation and regulatory authorities. We will report and measure this by: • Report the number of legislative and governing body breaches in a financial year where Council did not meet reporting requirements.	Legislation, Regulations	0	0	>0
	Council Officers are required to ensure Councillors and the Audit and Risk Committee are informed if a referral has been made to an integrity body. We will report and measure this by: • Report on the number of referrals to integrity agencies in a financial year relating to fraud and/or corruption. Integrity bodies include IBAC, Local Government Inspectorate and Victoria Police	Legislation	Report on number of integrity agency referrals relating to fraud and corruption		
	Council is committed to ensuring employees understand their role, responsibilities and their corporate governance requirements. Each year all staff must participate in Good Governance Training. We will report and measure this by: • Reporting on the number of staff who have completed Governance and Compliance Training annually; and • Reporting on the number of staff who have completed their Induction Program prior to commencing work tasks. With a zero tolerance to staff commencing work before induction program is complete.	Good Governance Training Staff Induction Program	100% complete 100% complete	98% and above complete 98% and above complete	<98% complete <98% complete
Programs and Projects	Council has taken a **cautious approach** to programs and projects, recognising its unsustainable status and	Grants Register			

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	Tolerable	Unacceptable
	prioritising financial and resourcing considerations in decision-making. We will monitor and measure this by: • Reporting on the number of grants applied for outside of the adopted budget program • Reporting on the number of additional Full Time Equivalent (FTE) Staff that are required to support the Grant applications outside of the adopted budget	Council Decisions	Number of grants applied for outside of adopted budget Number of additional FTE		
Strategy Execution and Change Management	An **accepting appetite** to be agile on the delivery of the Council Plan objectives to meet the changing internal and external environment. We accept that our Council Plan actions will be an evolving action plan being reviewed annually. We will measure this by: • Developing and adopting an annual Action Plan to support the implementation of the Council Plan	Council Plan	Annual Action Plan endorsed by Council.		
Security and Technology	Council has adopted a **controlled appetite** as managed risk taking is necessary to deliver services, maintain our ICT environment and meet changing organisational needs. We will monitor and measure this by: • Aiming to have 80% of help desk tickets resolved in a quarter. • Ensuring all back-ups of all systems are completed and successful each day.	Contractor Compliance Reports	>80% Daily back up completed	80.0% - 75.0% Daily back up completed	<75.0% 0 Daily back ups completed

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	**Tolerable**	**Unacceptable**
	We will monitor and measure this by: • Ensuring intrusion detection that monitors network traffic, searches for threats and suspicious or malicious activities are implemented and active.		Daily testing	Daily testing	0 daily testing achieved
	We will monitor and measure this by: Reporting on internal testing of staff knowledge and awareness of malicious activities.		Weekly testing	Weekly testing	0 weekly testing achieved
	Council needs to be agile to respond to the changing ICT environment. Council has adopted an ICT Strategy to guide strategic investment. We will monitor and measure the success of our ICT Strategy implementation by: • Reporting annually on ICT Strategy completion and/or implementation to the Audit and Risk Committee	ICT Business Transformation Strategy	Reporting to A&R Committee - 1 x action not delivered	Reporting to A&R Committee - 2 x actions not delivered	Reporting to A&R Committee - >2 x actions not delivered
Environment and Sustainability	A **controlled appetite** for environment and sustainability has been adopted. We will monitor and measure this by: • Reporting annually on delivery of actions under Council's environmental and sustainability priorities. • Reporting on the number of sustainability initiatives implemented across Council operations each financial year.	Master Environment Strategy initiatives to be embedded in the Council Plan – Annual Action Plan	Reporting to Council quarterly on Council Plan Annual Action Plan	Reporting to Council quarterly on Council Plan Annual Action Plan	Reporting to Council quarterly on Council Plan Annual Action Plan
	• Monitoring Council's energy, water, fuel and waste performance to identify trends and improvement opportunities.	Xero – Expenditure Reports	September each year, report on the previous year's	September each year, report on the previous year's	September each year, report on the previous year's

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	**Tolerable**	**Unacceptable**
			expenditure and analyse the results to identify trends and opportunities for improvement	expenditure and analyse the results to identify trends and opportunities for improvement	expenditure and analyse the results to identify trends and opportunities for improvement
Political	An **accepting appetite** has been adopted by Council, to manage and maintain political relationship across all levels of government, whilst also balancing communities expectations and advocacy expectations. We will monitor and measure this by: • Recording and reporting on the number of advocacy events attended by Councillors and Senior Management, with the aim to attend at minimum 10 per year.	Advocacy events and meetings	> 10 events per year	8 events per year	< 8 events per year
Occupational Health and Safety	A **cautious appetite** has been adopted by Council. Council has a zero tolerance position, prioritising the health, safety, wellbeing of employees, contractor and the public over all else. Council has zero tolerance for non-compliance with safety regulations or risks that endanger child safety, public safety, or the health of staff, volunteers, or community service users. It also has no tolerance for poor behaviour or misconduct by Officers, Councillors, or other Council representatives. High-risk activities may proceed only where supported by clear safety policies and procedures. Council recognises that some emergency risks may be beyond its control and will continue to meet its obligations to prepare for and manage emergencies.	YSC OHS Reporting Management Reporting Financial and Non-Financial Performance Report			

Strategic Risk	Risk appetite statement	Source / Indicator	Risk tolerance range		
			Acceptable	Tolerable	Unacceptable
	Council will monitor and measure this by: • Reporting on the number of incidents and lost time injuries within Councils. • Assess and monitor trends of incidents over a 12 month period • Undertake internal investigations of OHS matters where requested by the Chief Executive Officer; and • Monitor the number of Workcover Claims Council has received, where a person is off work: greater than 6 months, and less than 12 months; and greater than 12 months.		Report, through the Financial and Non-Financial Performance Report, the number of incident and lost time injuries for the financial year. Report on trends, and the number of investigations commissioned by the CEO during the financial year to the A&R Committee. Report on the number of claims in each category =0 =0	= 1 = 0	= 2 = 0

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