



City of **HOBART**

Risk Management Framework

TABLE OF CONTENTS

1	INTRODUCTION	4
1.1	<i>What is risk?</i>	4
1.2	<i>Why do we want to manage risk?</i>	4
1.3	<i>What is a positive risk culture?.....</i>	5
2	RISK MANAGEMENT – CONTEXT	5
2.1	<i>Purpose</i>	5
2.2	<i>Stakeholders.....</i>	5
2.3	<i>Policy.....</i>	5
2.4	<i>Risk Appetite.....</i>	6
2.5	<i>Assurance Activities.....</i>	8
2.5.1	<i>Internal Assurance.....</i>	9
2.5.2	<i>External.....</i>	9
2.6	<i>Integrated Management System (IMS).....</i>	10
2.7	<i>Risk Management Function</i>	10
2.8	<i>Risk Management Technology.....</i>	11
2.9	<i>Roles and Responsibilities</i>	11
2.9.1	<i>City of Hobart.....</i>	11
2.9.2	<i>Risk and Audit Panel.....</i>	11
2.9.3	<i>Chief Executive Officer (CEO).....</i>	11
2.9.4	<i>ELT</i>	11
2.9.5	<i>Directors</i>	11
2.9.6	<i>Corporate Risk Management Committee (CRMC)</i>	12
2.9.7	<i>Managers.....</i>	12
2.9.8	<i>Manager Rates, Procurement and Risk.....</i>	12
2.9.9	<i>Risk Management Lead</i>	12
2.9.10	<i>Internal Auditors.....</i>	13
2.9.11	<i>IMS Internal Auditors.....</i>	13
2.9.12	<i>All Employees</i>	13
3	RISK MANAGEMENT APPROACH.....	13
3.1	<i>Risk Management Stages.....</i>	13
3.1.1	<i>Communication and Consultation.....</i>	14
3.1.2	<i>Establish Context</i>	14
3.1.3	<i>Risk Identification.....</i>	15
3.2	<i>Business Continuity</i>	16
4	RISK MANAGEMENT – RESULTS & IMPROVEMENT	17
4.1	<i>Documentation.....</i>	17
4.1.1	<i>Key Documents.....</i>	17
4.1.2	<i>Maintenance of Key Documents</i>	17
4.2	<i>Reporting & Review</i>	18
4.2.1	<i>Risk Management Framework</i>	18



4.2.2	Risk Registers.....	18
4.2.3	Unit Plans and Improvement Opportunities	18
4.2.4	Role of Corporate Risk Management Committee	18
4.3	<i>Continuous Improvement</i>	19
4.4	<i>Summary of Actions, Reviews and Reports</i>	20
5	GLOSSARY	22
6	APPENDIX A	25
7	APPENDIX B	28

1 INTRODUCTION

1.1 What is risk?

Risk is the effect of uncertainty on objectives and is often expressed in terms of a combination of the consequences of an event and the associated likelihood of that occurrence.

Risk management is a set of coordinated activities to direct and control an organisation with regard to risk. Risk management provides a way of realising opportunities without exposing the organisation to unnecessary risk.

City of Hobart's risk management framework (the Framework) aims to protect key stakeholders from adverse events and support the pursuit of opportunity and includes all the people, systems, policies and processes that identify, assess, mitigate and monitor all material internal and external sources of risks.

The City maintains a risk management framework, which is appropriate to the size, culture and complexity of its operating environment.

1.2 Why do we want to manage risk?

Local Governments operate in a complex and demanding environment with a diverse array of potential risks and priorities.

The purpose of managing risk is so we can set a path, reduce uncertainties, mitigate potential scenarios that may occur and add value to the organisation.

Risk management is not only about risk avoidance. It is about informed risk-taking, balancing risk and reward. Reward is the degree to which we meet our objectives. Risk comes from understanding what we need to do to achieve those critical objectives. Risk and Reward need to be considered together to achieve the best outcome.

In developing and applying a risk management approach, we need to consider how to protect the critical elements of our operations from failure while maximising advantage through:

- Consideration of alternative risk management strategies;
- Development of contingency plans;
- Reviewing and investigating incidents, near hits, project outcomes to continuously improve;
- Recovery planning, to get back on our feet after mishaps, and
- Effective coordination across parts of the organisation.

1.3 What is a positive risk culture?

Risk culture is a subset of organisational culture and refers to the system of beliefs, values and behaviours throughout our organisation that shape the collective approach to managing risk and making decisions.

A positive risk culture involves staff adopting an open and proactive approach to risk that fosters collaboration, encourages debate and values independent views. In order for risk management to be effective, it needs to align with our strategic goals and be part of the organisational culture, internal policies, decision making and individual's behaviour and should be supported with appropriate education and training.

Culture is shaped by the behaviours and attitudes of leaders. The desired culture for managing risk should be clearly defined and demonstrated by the executive in a form that is communicated and actively promoted to staff.

This Framework provides the foundation for the integration of risk management into City of Hobart policies, processes and activities and is based on AS/NZS ISO 31000:2018 Risk management – Principles and guidelines.

2 RISK MANAGEMENT – CONTEXT

2.1 Purpose

This Framework aims to provide a comprehensive overview of City of Hobart's risk management approach, systems and process to help all people within the City to understand risk and to apply a systematic approach to risk management. It aims to ensure a consistent, proactive and holistic approach by defining processes and assigning responsibilities.

The Framework aims to align plans, processes, people, technology and knowledge with the evaluation and management of risks faced by the organisation so that the City takes a 'whole of business' or 'enterprise-wide' view of risk rather than managing risk in silos.

2.2 Stakeholders

City of Hobart's stakeholders include, but are not limited to: elected members, employees, contractors, volunteers, ratepayers, residents, businesses, customers and visitors to the City of Hobart.

2.3 Policy

City of Hobart has a Quality, Safety, Environment and Risk Management Policy, which describes the commitment of the organisation to risk management, along with the commitment to quality, safety, the environment and continual improvement.



This Framework supports the Policy by further defining the approach necessary to maintain effective and efficient risk management systems and processes.

2.4 Risk Appetite

As not all risks are equally important or acceptable, decisions need to be made about how much risk we are willing to take or avoid. This is where risk appetite statements can become useful tools.

A risk appetite statement is a document that defines the level and type of risk that we are willing to pursue or tolerate in order to achieve our goals. It helps us align our risk management strategy with our vision, mission, values, and culture.

Using a risk appetite statement to manage risk involves applying it to our risk management activities and processes. Risk appetite statements can be used to guide risk identification, assessment, response, and reporting. For example, when undertaking an activity or program, firstly evaluate the likelihood and consequence and compare the risk rating to the risk appetite levels. The risk appetite statement can then be used to decide how to respond to the risks, whether by accepting, avoiding, transferring, or reducing them.

Risk Appetite Statements	
Overall Risk Statement	<p>Council has a LOW to MODERATE risk appetite across its operations.</p> <p>Council has minimal tolerance for injuries to persons. It is committed to creating a safe living and working environment for its staff and the community. The City of Hobart's work health and safety goal is "All go home safe and well".</p> <p>Council operates within the laws and regulatory framework to which it is subject and also has a role to play in enforcing these laws.</p> <p>It is important to Council that its systems and services operate efficiently and effectively. Risks need to be effectively managed and balanced in this area to ensure sustainable delivery.</p>
Financial – Operational Expenditure	<p>Council has a MODERATE appetite for impacts in relation to operating expenditure.</p> <p>Council will manage its operating budgets and make adjustments when necessary to address changes in priorities. Council has a LOW appetite for poor financial</p>



	<p>management and will maintain budget and cost control as much as practicable. The Council will however apply financial resources where required to meet the operational needs and decisions of Council.</p>
Financial – Capital Expenditure	<p>Council has a MODERATE risk appetite for financial risk in pursuit of Council objectives.</p> <p>The Council will consider all decisions based on robust business case / analysis however the Council is willing to take on financial risk in order to deliver the infrastructure required for a growing city. Council will prioritise responsible capital spending to maintain and replace essential assets. Council will consider the community’s views and Council’s strategic plan when making choices about capital spending and will aim to achieve the best long-term value for the community, including ensuring that community assets are utilised.</p>
Regulatory and Legal	<p>The Council has a LOW appetite for legal and compliance risks consistent with its role in local government. Resources will be applied to ensure both Council and stakeholders comply with the legal and regulatory requirements.</p> <p>In relation to its own obligations, Council will aim to be compliant and where issues of non-compliance are identified, considered decisions will be made on how to resolve the issue.</p> <p>In relation to laws and regulations that Council is responsible for enforcing, Council does not wish to be heavy-handed or to apply unnecessary ‘red tape’.</p> <p>Council aims to be fair, to respond to community complaints, and to take a proactive and visible approach to monitoring compliance. Council will apply a ‘support-first’ model to assist the community in reaching compliance.</p> <p>Council will prioritise enforcement action where safety is involved.</p>
Safety and Wellbeing	<p>Council has LOW appetite for risk to safety and well-being.</p> <p>Council has a target of ‘zero harm’ to its staff and is responsible for many assets and spaces that are used by members of the public.</p> <p>Council will invest money to ensure the safety of its staff and the public based on a robust analysis of safety issues and how these can be most effectively addressed.</p>



<p>Brand and Reputation</p>	<p>Council has a MODERATE appetite for reputational impacts.</p> <p>Council is willing to accept short-term reputational impacts relating to decisions that are in the long-term best interests of the community and acknowledges that with a diverse range of stakeholders, reputation issues will be expected.</p>
<p>Environment and Sustainability</p>	<p>Council has a LOW appetite for environmental impacts.</p> <p>Council notes the potential for environmental impacts to have long term consequences, leading to greater compliance, financial and reputational impacts. Council will therefore apply resources to address environmental impacts and will consider environmental impacts within the decision making process.</p> <p>Council notes that bushfire is the most significant risk to the City of Hobart and will prioritise the safety of people and property when managing bushfire risk.</p>
<p>Capacity to Deliver Services</p>	<p>Council has a LOW to MODERATE appetite for impacts on its capacity to deliver services.</p> <p>Council has a LOW appetite for critical services to be disrupted due to a failure by Council, however acknowledges that external events may impact service delivery from time to time.</p> <p>Council has a MODERATE risk appetite for delivery of non-essential services and in the event of a disruption will apply sufficient resources to ensure services are restored within reasonable timeframes.</p>

2.5 Assurance Activities

City of Hobart has a range of internal and external assurance activities within its governance framework, which are outlined in Figure 1 below. Risk management is a key element.

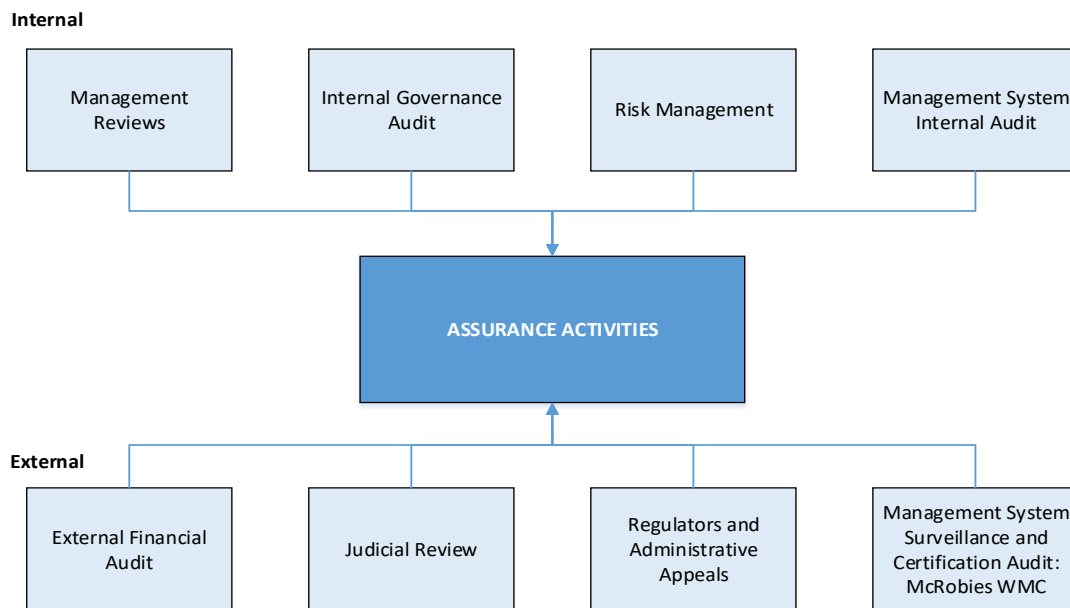


Figure 1 City of Hobart's Assurance Activities.

2.5.1 Internal Assurance

Management Review is undertaken annually on the City's Integrated Management System to gauge its suitability, adequacy and effectiveness.

Internal Governance Audit provides an independent and objective review and advisory service to give assurance to the Chief Executive Officer (CEO) and the Risk and Audit Panel that the City's financial and operational controls, designed to manage the organisation's risks, are operating effectively. City of Hobart engage an external contractor to undertake Internal Governance Audits in accordance with the Internal Audit Charter.

Management System Internal Audits are undertaken by suitably qualified employees. These audits are programmed on an as needs basis and aim to determine if processes are implemented effectively and being followed. Audit findings are presented to the responsible officer/manager who should ensure that any identified gaps or opportunities for improvement are actioned.

City of Hobart conduct annual Management System Internal Audits to assess compliance of the McRobies Waste Management Centre (WMC) facility, and the WMC compositing facilities, to the AS/NZS ISO 14001 Environmental Management Systems standard and the AS/NZS 4454 standard. Other audits are completed as required.

2.5.2 External

The Tasmanian Audit Office undertakes an independent **external audit** of the financial report of the City. The audit is undertaken under the provisions of the *Local Government Act 1993* and in accordance with relevant Australian Auditing Standards. The primary objective of the audit is obtaining reasonable assurance



about whether the financial report as a whole is free from material misstatement, whether due to fraud or error.

From time to time the City is subject to **Judicial Review** through the judicial system. These reviews may include the courts system, tribunals and other legislative review systems.

Regulators and Administrative appeals include the Department of Premier and Cabinet (Local Government Office), the Auditor General (responsibilities outside the scope of the external audit), the Ombudsman and the Tasmanian Integrity Commission.

Management System Surveillance and Certification Audits are undertaken at McRobies Waste Management Centre by an external certification body to assess our compliance against the AS/NZS ISO 14001 Environmental Management Systems standard and the AS/NZS 4454 standard, to which the facility maintains certification.

Collectively these activities constitute assurance services within the City of Hobart's governance framework.

2.6 Integrated Management System (IMS)

The IMS describes City of Hobart's organisational structure together with the documentation, processes and resources used to achieve objectives for continuous improvement and to meet customer requirements.

The IMS is designed in accordance with the requirements of ISO 9001, ISO 14001 and ISO 45001, and provides the basis for continual improvement of City of Hobart's performance through:

- planning, whereby the customer requirements, including any applicable regulatory requirements, and the processes to achieve those requirements are understood;
- implementing the processes to meet the defined requirements;
- monitoring and evaluating the processes and product outcomes against the defined requirements; and
- implementing the identified improvements, in order to maintain the gains secured and maximise customer satisfaction and conformity of product while protecting the environment and people.

The IMS supports the Risk Framework as it documents the processes, procedures and controls to manage enterprise risks. The City of Hobart Management System Manual (F12/6294) provides further detail on the IMS.

2.7 Risk Management Function

Risk management is a shared responsibility. The activities necessary for a robust risk management function is shared amongst the Elected Members, CEO, Directors, staff and key service providers.

Risk and treatment owners are identified through risk assessments and are responsible for managing their risks in accordance with the relevant risk procedures.



City of Hobart's risk management activities will be managed by the Manager Rates, Procurement and Risk and coordinated by the Risk Management Lead utilising internal and external resources as appropriate.

2.8 Risk Management Technology

City of Hobart uses a dedicated risk management software to document strategic and operational risks, including controls and treatment plans as appropriate. Risk management technology will enable transparency of information and help coordinate various risk management activities. Microsoft Excel and Word templates can be used to document risks associated with one-off or infrequent activities or proposed changes.

2.9 Roles and Responsibilities

People, specifically managers who are designated 'risk owners', will play a key role City of Hobart's risk management framework. An overview of key risk management responsibilities is set out below.

2.9.1 City of Hobart

It is the duty of the City of Hobart to ensure that staff are provided with adequate resources and support to effectively manage risk.

2.9.2 Risk and Audit Panel

The Risk and Audit Panel's objective is to provide assurance and advice to the Council in relation to its performance and the assessment, management and review of risk across all Council activities and services in accordance with a contemporary governance and risk management framework.

2.9.3 Chief Executive Officer (CEO)

The CEO is accountable to the Council for ensuring that there is a risk management framework in place as part of the City's corporate governance framework. It is also critical that the CEO supports the implementation of the risk management framework by communicating commitment and progress to all staff and relevant stakeholders regularly.

2.9.4 ELT

The ELT is responsible for approving and reviewing the City's risk management framework and policy and maintaining oversight of performance of the Strategic Risk and Resilience Register and ensuring operational risk are managed.

2.9.5 Directors

Directors are responsible for implementing and ongoing maintenance of the risk framework and reporting on the City's risk profile to ELT.

Directors are responsible for approving any potential risk-taking outside of the City's risk appetite.

2.9.6 Corporate Risk Management Committee (CRMC)

The CRMC is responsible for ensuring that the Council's risk management processes and procedures are consistent with the approach in AS/NZS ISO 31000:2018 *Risk management – Principles and guidelines*. The Committee must identify emerging risk management issues and recommend necessary actions, consider changes to statutory and legal requirements affecting risk management and recommend necessary actions.

The Committee is also responsible for overseeing the implementation of the Council's Risk Management Improvement Action Plan. This responsibility and the CRMC's functions are further outlined in the CRMC Terms of Reference.

2.9.7 Managers

Managers (and often supervisors) are commonly the risk owners and are required to create an environment where the management of risk is accepted as the responsibility of all staff, volunteers, contractors and other workers. Managers are responsible for oversight of operational risks and ensuring risk treatment plans are achieved within agreed timelines.

Managers are accountable for the implementation and maintenance of sound risk management processes within their area of responsibility in line with City of Hobart's risk framework including:

- identifying, recording and periodically evaluating risks;
- identifying, recording and assessing effectiveness of existing controls;
- implementing and maintaining effective internal controls;
- developing treatment plans to treat higher level risks in a timely manner; and
- maintaining risk profiles/risk registers through periodic reviews and updates.

Managers are also responsible for supporting good management practices that compliment risk management including:

- following, and monitoring staff compliance with, the City's policies, procedures, guidelines and designated authorities;
- maintaining up-to-date information and documentation for key operational processes; and
- incorporating risk treatment plans into Unit Plans and budgets, where appropriate.

2.9.8 Manager Rates, Procurement and Risk

This role is responsible for establishing and monitoring the process for the management of risk throughout the City including making recommendations on all aspects of the Risk Management Framework to the CEO, ELT and the Risk and Audit Panel.

2.9.9 Risk Management Lead

This role is responsible for:

- ensuring the Risk Management Framework remains relevant and appropriate for the City;



- providing advice and support to the ELT, managers and all staff on risk management matters;
- coordinating the delivery of appropriate and relevant training to staff to promote a positive risk, compliance and control culture;
- periodically reviewing key risk management related documents including risk register, risk profiles, policies, plans, procedures and authorities; and
- periodically reporting the status of key risks and risk treatment plans to ELT and the Risk and Audit Panel.

2.9.10 Internal Auditors

Internal governance audits provide an independent and objective review and advisory service to provide assurance to the CEO and the Risk and Audit Panel that City of Hobart's financial and operational controls are designed to manage the City's risks and achieve the objectives are operating in an efficient and effective manner. The Internal Audit Plan should be informed by extreme and high risks such as those included in the Strategic Risk and Resilience Register.

2.9.11 IMS Internal Auditors

Internal IMS audits provide an independent review that policies and procedures have been implemented and are being adhered to.

2.9.12 All Employees

Staff support risk owners and are responsible and accountable for taking practical steps to minimise the City's exposure to risks including contractual, legal and professional liability in so far as is reasonably practicable within their area of activity and responsibility.

All staff must be aware of operational and business risks. Particularly, staff should:

- provide input into various risk management activities;
- assist in identifying risks and controls;
- report all emerging risks, issues and incidents to their manager or appropriate City of Hobart officer;
- follow the City's policies and procedures; and
- take steps to manage their own exposure to risk in their day-to-day activities.

3 RISK MANAGEMENT APPROACH

3.1 Risk Management Stages

City of Hobart utilises the AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines in its approach to managing risks. This is a structured and proactive approach that can be applied consistently across the organisation to support the understanding and management of strategic, operational and/or task/activity risks.

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

1. Communicate and consult – with internal and external stakeholders;
2. Establish the scope, context, criteria – the boundaries;

3. Risk assessment – identify, analyse and evaluate risks;
4. Treat risks – implement and assess controls to address risk;
5. Monitoring and review – risk reviews and audit; and
6. Recording and reporting – process and outcomes to be documented.
- 7.

Figure 2 illustrates the risk management process as set out in AS/NZS ISO 31000:2018

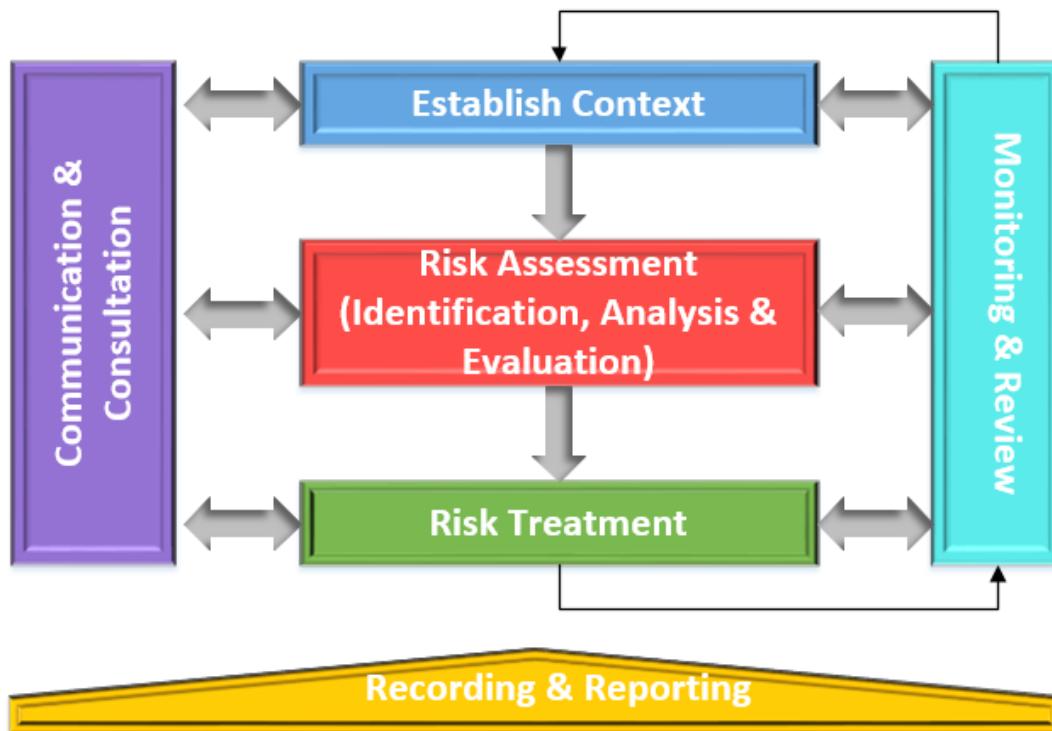


Figure 2 Risk Management Process.

3.1.1 Communication and Consultation

Communication and consultation with all relevant parties along with external and internal stakeholders should take place during all stages of the risk management process. This will ensure that those accountable for implementing the risk management process and other stakeholders understand the basis on which decisions are made, and the reasons why particular actions are required.

3.1.2 Establish Context

Establishing the context of risk management at City of Hobart is the foundation of good risk management and vital to successful implementation of the risk management process.

By establishing context, the City is able to articulate its objectives, define the external and internal parameters to be taken into account when managing risk, and sets the scope and risk criteria for the remaining process.



Prior to undertaking a risk assessment, it is important to understand the complex environment in which the City operates, for example, from a strategic perspective, there is a need to consider external factors such as business, social, political, economic, financial, regulatory and legislative as well as the organisation's risk appetite.

Before undertaking a risk assessment, the internal and operational context should be established which includes an understanding of the City's goals and objectives, management and organisational structures, systems, processes, resources, key performance indicators and other drivers.

The reasons for the risk assessment being carried out needs to be established, in particular:

- define the scope and objectives of the assessment, for example, compliance with new legislation or project evaluation;
- Identify the potential risks and opportunities;
- whether the risks are outside of risk appetite;
- specify the nature of the decisions that have to be made;
- define the extent of the project activity or function in terms of time and location;
- identify resources and planning requirements; and
- identify the roles and responsibilities of the various parts of the organisation participating in the risk management process.

3.1.3 Risk Identification

The aim of risk identification is to develop a comprehensive list of sources of risk and events that might have an impact on the achievement of the objectives, strategies and targets of the city. The list should be comprehensive as unidentified risks can pose a major threat to the organisation or result in significant opportunities being missed.

It is important to undertake a systematic and comprehensive identification of all risks including those not directly under the control of the city. Risk Analysis & Evaluation Risk analysis helps inform decisions about which risks require treatment strategies. The City of Hobart considers risks based on the combination of the consequence of occurrence and likelihood of occurrence without controls (inherent risk) and also after the consideration of control and risk mitigation practices currently in place (residual risk).

The specific process to undertake this analysis is outlined in the Risk Assessment and Management procedure.

After the risk has been assessed by taking into account the control effectiveness and multiplying consequence and likelihood ratings, the risk owner must decide on the most appropriate risk strategy. Risk strategy options are listed in the table below.

Risk Strategy Options	Suggested Actions
Avoid the risk is achieved by deciding not to start or continue with the activity that gives rise to the risk	<ul style="list-style-type: none"> Report to appropriate level of management
Take or increasing the risk in order to pursue an opportunity	<ul style="list-style-type: none"> Outline the benefits, document and seek approval
Reduce the likelihood or consequence of the risk	<ul style="list-style-type: none"> Develop a risk treatment plan with owners and dates
Share the risk is to share the management of the risk with a third party	<ul style="list-style-type: none"> Determine how the risk will be shared (contract, insurance, Business Continuity) and document
Retain the risk by informed decision	<ul style="list-style-type: none"> Document and monitor

If the overall risk rating per the risk matrix (refer to Appendix A) is either high or extreme, a risk treatment plan must be established.

Extreme (20-25)	Needs active management	A risk treatment plan must be established and implemented and endorsed by Executive Leadership Team (ELT)
High (9-16)	Needs regular monitoring	A risk treatment plan must be established and implemented and endorsed by relevant Director
Moderate (4-8)	Needs periodic monitoring	A risk treatment plan is optional depending on the risk strategy and overall control ratings
Low (1-3)	No major concerns	A risk treatment plan is optional depending on the risk strategy and overall control ratings

3.2 Business Continuity

Business Continuity Planning (BCP) is an important part of managing business interruption risk. City of Hobart's BCP describes the whole of business approach towards ensuring critical business functions can be maintained and/or restored in a timely fashion, in the event of a material disruption arising from internal or external events.



The BCP identifies time sensitive or critical business functions and the processes and resources required to support and recover them. The Business Continuity team are assigned specific roles in the event of a major business interruption which requires for the plan to be activated.

The Risk Management Lead is responsible for the review and maintenance of City of Hobart's BCP. Periodic testing of the plan will be conducted.

In the event of an incident that affects the City of Hobart as well as Council operations, which results in the activation of the Municipal Emergency Management Plan, the City and its Officers are expected to perform its statutory obligations under the Hobart Municipal Emergency Management Plan, taking precedence over the activation and deployment of this BCP.

4 RISK MANAGEMENT – RESULTS & IMPROVEMENT

4.1 Documentation

Risk management processes and activities will be documented throughout City of Hobart. Documentation is important for the following reasons:

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

4.1.1 Key Documents

Key documents will include:

- **Quality, Safety, Environment and Risk Management Policy** – Establishes commitment and provides a high-level overview of risk management framework;
- **Risk Framework** – Details the risk framework processes and activities;
- **Risk Registers**¹ – Documents the key risks and controls for existing City of Hobart activities and processes;
- **Risk assessments** – Documents the key risks and controls when undertaking one-off or new activities and assessing the risk when proposing changes to existing activities. Risk and opportunities should be considered to enable risk-based decision making.

4.1.2 Maintenance of Key Documents

The risk documents form part of City of Hobart's Integrated Management System and will be maintained within the IMS and monitored through either the IMS Internal and External Audit programs or Internal Governance Audits.

¹ The term "Risk Registers" in this context includes the City's Strategic and Operational Risk Registers, Risk Assessment and Management procedure and Risk Register procedure.



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

4.2 Reporting & Review

Risk management is a dynamic process and, to be effective, requires ongoing monitoring and review to ensure that the risk environment in which the City operates is constantly up to date.

4.2.1 Risk Management Framework

Documentation including policies, procedures, risk registers and systems relating to the risk management framework will be subject to periodic review. This review is the responsibility of the Manager Rates, Procurement and Risk.

4.2.2 Risk Registers

It is important that risk owners review their risks regularly. Such review is to be part of the annual management planning process to ensure that:

- risks are managed in the context of each Unit's objectives for the coming year;
- risk treatment plans are incorporated into risk management software and Unit Plan; and
- where funding is required to implement risk treatment plans that it is incorporated into City of Hobart's budget.

4.2.2.1 *Strategic Risk and Resilience Register*

Performance against the treatment plans identified in the Strategic Risk Register is monitored by the ELT biannually and forms part of the City's internal governance audit program.

The City's Risk and Audit Panel will consider the status of the management of key risks within the Strategic Risk Register biannually.

4.2.2.2 *Operational Risks*

Monitoring of the treatment plans identified within operational risks is undertaken at the Divisional level.

4.2.3 Unit Plans and Improvement Opportunities

Risk owners are responsible for ensuring that actions contained in Unit Plans and any corrective and preventative actions are implemented effectively and within agreed timeframes. Action taken is to be recorded. In addition, risk owners are responsible for ensuring that actions required in order to manage risk are included in their Unit Plans and where appropriate the City's Annual Plan.

4.2.4 Role of Corporate Risk Management Committee

The Terms of Reference for the CRMC will undergo continuous review and improvement and will undergo a formal review biennially. The Terms of Reference should also be reviewed where operational changes dictate.

4.3 Continuous Improvement

City of Hobart has a demonstrated commitment to continuous improvement and as such improvement to the risk management framework of the City will include decisions and actions related to:

- Improvement of the effectiveness of the implemented risk management processes;
- Lessons learned from the review of events, treatment plans and their outcomes and best practice reviews; and
- Training and resource needs.

4.4 Summary of Actions, Reviews and Reports

Table 1 summarises the key actions, reviews and reports required by City of Hobart's Risk Management Strategy. It details who is responsible for each activity and the required timing.

Action	Description	Responsibility	Timing
Review Policy & Framework	Review the currency and effectiveness of the City's Risk Management Policy and Framework	Manager Rates, Procurement and Risk	Biennially
Review Risks	Review Risks and controls contained in the City's risk registers and identify new or emerging risks	Risk Owners	Every year (individual risks are reviewed in accordance with the residual risk rating)
Include Risk Treatment Plans in Unit Plan	Ensure that actions required by Risk Treatment Plans are incorporated into the relevant Unit Plan	Risk Owners	Every year during the development of Unit Plans
Implement Unit Plan	Implement actions contained in the Unit Plan	Risk Owners	As identified in the Unit Plan
Implement corrective actions	Implement actions	Action owners	As per action details
Conduct specific risk assessments	Conduct risk assessments as required for new or altered activities, processes or events	Risk Owners (Risk Management Lead to assist as required)	As required
Risk Status Reports	Report the current status of risks within the Strategic Risk Register to ELT and the	Risk Management Lead	Biannually



(Strategic)	Risk and Audit Panel		
Audits Reports	Provide Audit Reports to Directors, ELT and Risk and Audit Panel	Manager Rates, Procurement and Risk	Directors – as required ELT, Risk and Audit Panel - biannually
Audit Status Reports	Report the current status of Audit Actions to ELT and Risk and Audit Panel	Risk Management Lead	Biannually
Promote awareness of the Risk Management Framework across the organisation	Maintain the Risk Management section of the CBC	Manager Rates, Procurement and Risk	Ongoing
Business Continuity Management	Undertake testing of BCP	ELT (coordinated by Risk Management Lead)	Annually
Review of insurances	Undertake the annual review of City of Hobart's insurance policies in conjunction with the City's appointed broker	Manager Rates, Procurement and Risk	Annually
Appoint insurance broker	Undertake public tendering process in order to appoint City of Hobart's insurance broker	Manager, Procurement, Rates and Risk	According to contract expiry

Table 1: Summary of Key Activities

5 GLOSSARY

Adapted from AS/NZS ISO 31000:2018

Communication and Consultation	continual and iterative processes that an organization conducts to provide, share or obtain information and to engage in dialogue with stakeholders regarding the management of risk
Consequence	outcome of an event affecting objectives
Control	a measure that is modifying a risk
Establishing the Context	defining the external and internal parameters to be taken into account when managing risk, and setting the scope and risk criteria for the risk management policy
Event	occurrence or change of a particular set of circumstances
Integrated Management System (IMS)	a management system incorporating the elements of <i>AS/NZS ISO 9001 Quality management systems, AS/NZS ISO 14001 Environmental management systems and AS/NZS ISO 45001 Occupational health and safety systems</i>
Level of risk	magnitude of a risk or combination of risks, expressed in terms of the combination of consequences and their likelihood
Likelihood	chance of something happening
Monitoring	continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected
Operational risk	risk that is of operational significance relevant to systems, processes and projects
Operational Risk Register	refers to individual business unit risk registers (or as otherwise developed).
Project/Task/Activity Risk	risk that is within individual processes/activities/tasks of short and finite duration that are one-off or are to occur on a limited number of occasions



Progress Performance Review	report to Council on the performance towards achieving the nominated major actions/initiatives and budget performance in respect of each function area
Quality	degree to which a set of inherent characteristics fulfils requirements
Quality Management System	that part of an organisation's management system used to maintain the quality of products and services produced or provided by that organisation
Residual Risk	risk remaining after risk treatment
Review	activity undertaken to determine the suitability, adequacy and effectiveness of the approach to achieve established objectives
Risk	effect of uncertainty on objectives
Risk Analysis	process to comprehend the nature of risk and to determine the level of risk
Risk Assessment	overall process of risk identification, risk analysis and risk evaluation
Risk Appetite	The level of risk that an organization is prepared to accept in pursuit of its objectives, before action is deemed necessary to reduce the risk.
Risk Aversion	an entrenched dislike or risk bearing situations or circumstances
Risk Champion	person who actively promotes risk management within an organisation
Risk Criteria	terms of reference against which the significance of a risk is evaluated
Risk Evaluation	process of comparing the results of risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable
Risk Identification	process of finding, recognizing and describing risks
Risk Management	coordinated activities to direct and control an organization with regard to risk
Risk Framework	set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization



Risk Management Plan	scheme within the risk management framework specifying the approach, the management components and resources to be applied to the management of risk
Risk Management Policy	statement of the overall intentions and direction of an organization related to risk management
Risk Management Process	systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analyzing, evaluating, treating, monitoring and reviewing risk
Risk Owner	person or entity with the accountability and authority to manage a risk
Risk Profile	description of any set of risks
Risk Register	dynamic document that is a central record of risks, their magnitude, controls and treatment plans
Risk Source	element which alone or in combination has the intrinsic potential to give rise to risk
Risk Treatment	process to modify risk
Stakeholder	person or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity
Strategic Risk	risk that is of strategic significance
Treatment plans	plans developed in order to treat risks

6 APPENDIX A

Risk matrix settings

Consequence	5	Catastrophic	M 5	H 10	H 15	E 20	E 25
	4	Major	M 4	M 8	H 12	H 16	E 20
	3	Moderate	L 3	M 6	H 9	H 12	H 15
	2	Minor	L 2	M 4	M 6	M 8	H 10
	1	Insignificant	L 1	2	L 3	M 4	M 5
			Rare	Unlikely	Possible	Likely	Almost Certain
			1	2	3	4	5
			Likelihood				

	Rating description	Score	Likelihood of Occurrence Explanation (Probability)
Likelihood Descriptors	Almost Certain	5	The event will occur in most circumstances (i.e. daily/weekly). (>90% chance of occurring)
	Likely	4	The event will probably occur in most circumstances (i.e. monthly). (65-90% chance of occurring)
	Possible	3	The event may occur within the foreseeable future (i.e. within 12 months). (35-65% chance of occurring)
	Unlikely	2	The event may occur at some time but not likely to occur in the foreseeable future (i.e. within the next 2- 5 years) (10-35% chance of occurring)
	Rare	1	The event will only occur in exceptional circumstances or as a result of a combination of unusual events Once every 10 years or less frequently. (<10% chance of occurring)

Consequence Matrix for Risks

	Safety and Wellbeing	Environment and Sustainability	Brand and Reputation	Capacity to Deliver Services	Regulatory and Legal	Financial - Operational	Capital Expenditure and Projects
Catastrophic	Death or permanent disability Loss of critical number of key staff impacting on skills, knowledge & expertise Widespread / sustained staff industrial action Severe impact on organisational morale or performance	Fatalities occur; extensive release requiring long term remediation; legal action initiated by EPA, State agencies or others	Substantiated extensive public outcry; high widespread multiple news profile	Extreme event with potential to lead to failure of most objectives or collapse of part of the business. Severe disruption to business activities. Critical infrastructure service loss for > 1 month	Extensive fines and litigation with possible class action; threat to viability of program or service; extensive financial loss; indictable offences	Operational Expenditure: Extensive financial loss; in excess of \$5m	Major (>40%) potential for cost or time impact. Will have an unmanageable impact on time, cost, resources and quality. inability to meet project objectives requiring the project to be abandoned or redeveloped
Major	Serious injury / harm. Dangerous near miss Long term loss of some key staff resulting in skills / knowledge / expertise deficits Threat / staff industrial action Major impact on staff morale or performance with long term significance.	Major environmental impact; harm to humans or ecosystems; serious breach of EPA or other environmental legislation/licences	Sustained serious public or media outcry, high impact, high news profile	Major event that with prioritised and focused management will be endured.	Major breach with fines and litigation; critical failure of internal goals; long term significance and major financial impact	Major financial loss \$1m - \$5m.	Major potential (20-40%) for cost or time impact, will impact on time, cost, resources or quality. Potential impact on multiple work streams, projects or stakeholders significant variation to scope or objective requiring restructure of project and Senior Management or Council approval
Moderate	Adverse impact on person's health / welfare Lost time or penalty notice due to unsafe act / plant / equipment Short term loss of skills / knowledge / expertise Severe staff morale / increase in workforce absentee rate	Moderate environmental impact; on site release or contained spread off site; moderate breach of EPA or other environmental legislation/licences; may result in fines	Significant public criticism with or without media attention	Significant event, which can be managed under special circumstances. Critical service interruption not back in agreed time.	Serious breach involving statutory authority or investigation; significant failure of internal controls; prosecution possible with significant financial impact	Significant financial loss \$500,000 - \$1M	Medium potential (10-20%) for cost or time impact. manageable impact on time, cost, resources and quality. variation to scope or objective requiring Senior Management approval



<p>Minor</p>	<p>Minimal or no adverse impact on person's health / welfare Negligible skills or knowledge loss Potential adverse impact on person's health / welfare Inappropriate behaviour Workplace safety compromised Some loss of staff with tolerable loss / deficit in skills Contained impact on staff morale or performance</p>	<p>Minor, isolated environmental impact; minor breach of environmental legislation/ licences; may result in penalty notices or official warning</p>	<p>Heightened local community concern or criticism</p>	<p>An event, the consequences of which can be absorbed but management effort is required to minimise impact. Minor delivery delays. Local interruption only, service loss for minimum period.</p>	<p>Contained non-compliance or breach with short term significance; minor financial impact</p>	<p>Minor financial impact: \$150,000 - \$500,000.</p>	<p>Small (5-10%) potential for cost impacts, no time impact, no quality impact. variation to scope or objective requiring managers approval</p>
<p>Insignificant</p>	<p>Injury report or first aid only. No lost time. Minimal impact on staff morale or performance</p>	<p>Minimal environmental impact; won't result in fines or penalties</p>	<p>Isolated, internal or minimal adverse attention or complaint</p>	<p>An event the impact of which can easily be absorbed through normal activity. Negligible impact business interruption, brief loss of service</p>	<p>Isolated non-compliance or breach; minimal failure of internal controls; negligible financial impact</p>	<p>Less than \$150,000.</p>	<p>Small potential for cost impacts - <5% of budget, no time impact, no quality impact</p>

7 APPENDIX B

Management system documents can be accessed via the management system which is located in the Business Support section of the Council Business Centre.

http://cbc/Business_Support/Management_System

Listed below are documents that are referred to in the body of this strategy and their hierarchical relationships:

Quality, Safety, Environment and Risk Management Policy (F12/6918)

Audit Reports (13/440)

Risk Register Procedure (F11/15051)

Registers contained in the risk management software system

Risk Assessment and Management Procedure (F11/15785)

Risk Assessment Template (F11/15785)

Strategic Planning (F11/15903)

Unit Plan Template (F12/2307)

The strategic and operational risk registers can be found in the risk management software called CAMMS Evolve.