



TOWN OF
VICTORIA PARK



RISK MANAGEMENT FRAMEWORK



WE'RE OPEN
VIC PARK

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1 Introduction

The Risk Management Framework (“the Framework”) outlines the Town’s approach to the management of risk by setting out the following key governing elements:

- Principles, framework and process and systems.
- Structure.
- Risk appetite statement for the Town.
- Risk assessment and acceptance criteria adopted by Council.

Risk management is incorporated within the Towns informing strategies and plans. The Town of Victoria Park Strategic Community Plan has a mission and four key pillars and 15 community priorities:

**OUR
MISSION**

To achieve our vision, we will champion the four pillars of sustainability including:

SOCIAL – To promote sustainable, connected, safe and diverse places for everyone.

ECONOMIC – To promote sustainable, diverse, resilient and prosperous places for everyone.

ENVIRONMENT – To promote sustainable, liveable, healthy and green places for everyone.

CIVIC LEADERSHIP – To show leadership by communicating with, empowering and supporting people in the community.

SOCIAL – To promote sustainable, connected, safe and diverse places for everyone.

- S1** Helping people to feel safe
- S2** Collaborating to ensure everyone has a place to call home
- S3** Facilitating an inclusive community that celebrates diversity
- S4** Improving access to arts, history, culture and education

ECONOMIC – To promote sustainable, diverse, resilient and prosperous places for everyone

- EC1** Facilitating a strong local economy
- EC2** Connecting businesses and people to our local activity centres through place planning and activation

ENVIRONMENT – To promote sustainable, liveable, healthy and green places for everyone

- EN1** Protecting and enhancing the natural environment
- EN2** Facilitating the reduction of waste
- EN3** Increasing and improving public open spaces
- EN4** Providing facilities that are well-built and well-maintained
- EN5** Enhancing and enabling liveability through planning, urban design and development
- EN6** Improving how people get around the Town of Victoria Park

CIVIC LEADERSHIP – To show leadership by communicating with, empowering and supporting people in the community

- CL1** Effectively managing resources and performance
- CL2** Communication and engagement with community
- CL3** Accountability and good governance

The Town carefully monitors risk across all pillars and community priorities to plan for the future. Risk is identified and reported on against these priorities in the Strategic and Operational Risk Registers. Each report presented to Council also contains an individual risk assessment.

1.1 Context and Purpose

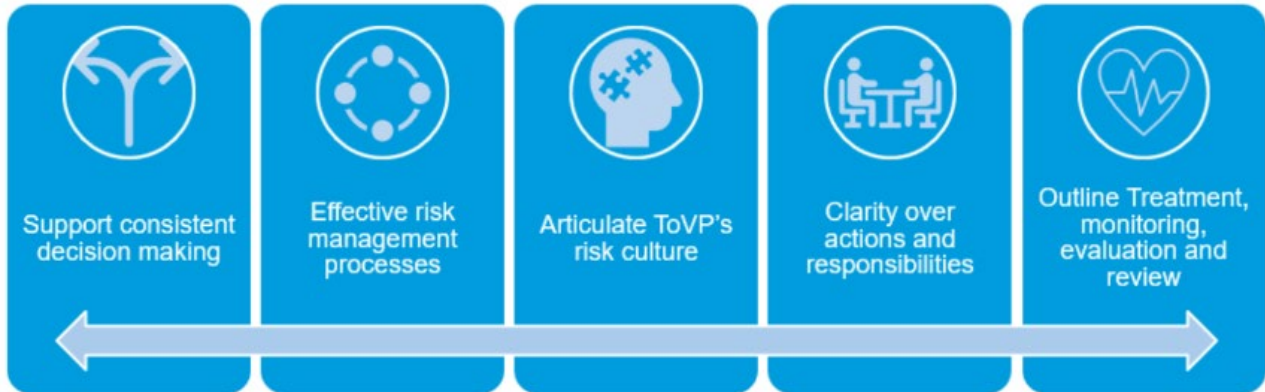
The design and content of the Framework is based on AS/NZS ISO 31000:2018 Risk Management Guidelines.

1.2 Assumptions and constraints

This Framework aims to balance a documented, structured and systematic process with the current size and complexity of the Town, and takes into consideration existing time, resource and workload pressures.

2 What is risk Management?

Risk management is the identification, evaluation, and prioritisation of risks, followed by strategies used to minimise, monitor and control the probability of those risks occurring.



The only alternative to risk management is crisis management And crisis management is much more expensive, time consuming and embarrassing.

3 What is a risk?

A risk is **ANYTHING** that may affect the achievement of your objectives

It is the **UNCERTAINTY** that surrounds future events and outcomes

It will have a **DEMONSTRABLE** effect on the Town's strategy

We measure risk in terms of **LIKELIHOOD** of the event happening and the **CONSEQUENCE** of that event happening

4 Why Manage Risk?

AS/NZS ISO 31000:2018 Risk Management Guidelines outline some key philosophies on the management of risk:

- Internal and external factors create uncertainty in the achievement of objectives.
- The process of managing risk:
 - Is iterative, helping to set strategy and achieve objectives
 - Informs decision-making and forms part of good governance and leadership
 - Underpins management at all organisational levels
 - Improves business systems
 - Involves stakeholder interaction
 - Considers internal and external contexts, human behaviour and culture.

4.1 Understanding Risk

- Risk management helps to provide transparency by identifying risks and understanding their causes, likelihood (probability) and impact, as well as ensuring proper accountability and ownership of risk in organisational decision-making.
- Understanding risk helps to identify mitigations to treat risks so that strategic and operational objectives can be achieved.

4.2 Strategic Risks

Strategic risk – Strategic risk focuses on challenges that might cause a particular strategy to fail, as well as **any major risks that could affect an organisation's long-term positioning and performance.**

4.3 Operational Risks

Operational risk – risks associated with developing or delivering the operational plans. These result from ineffective or failed internal processes, and typically relate to people, physical assets, operational hazards.

4.4 Project Risks

Project risks - relate to individual projects and activities, from initiation and planning to implementation and completion.



5 Key Elements

5.1 Principles, Framework and Process

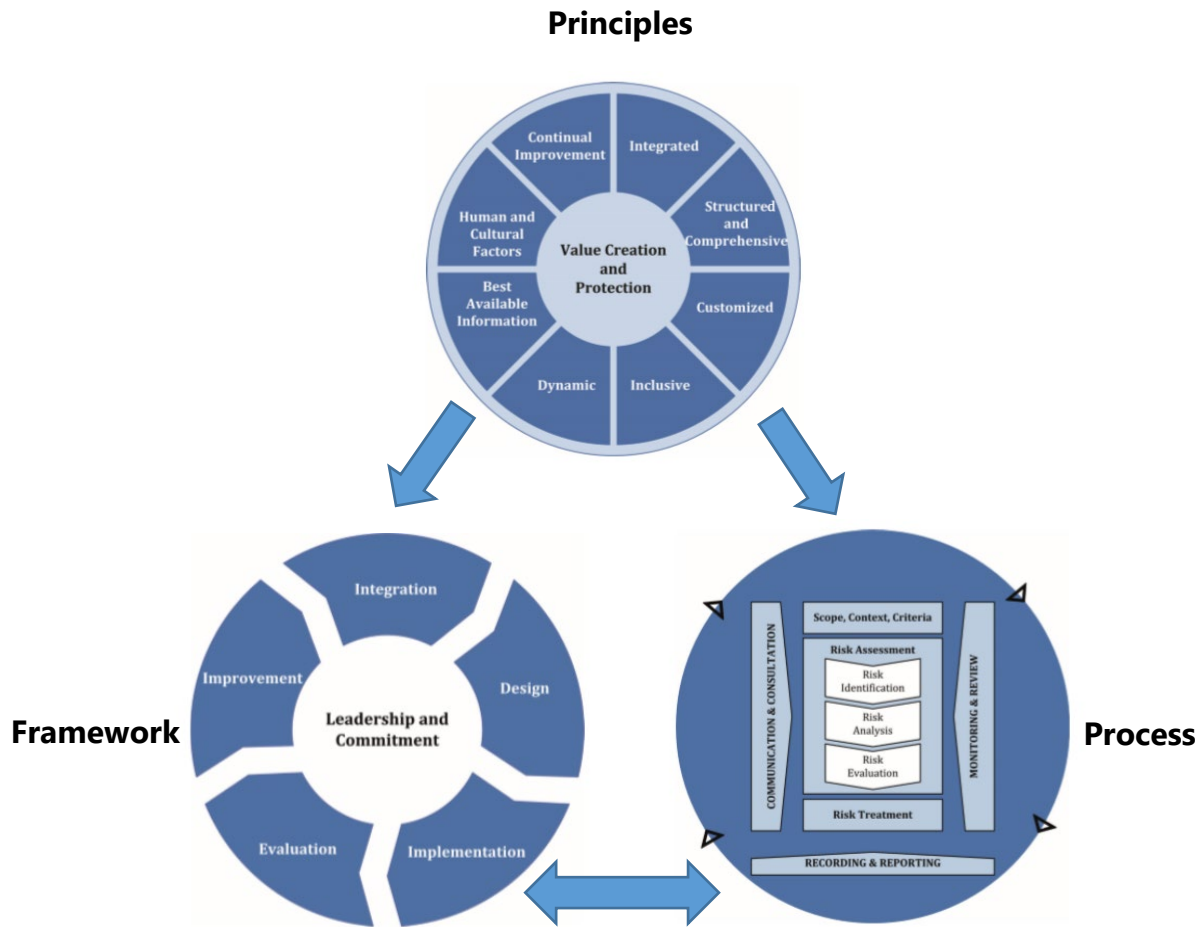


Figure 1. Risk Management Principles, Framework and Process (Source: AS/NZS ISO 31000:2018)

The risk management principles are aimed at creating and protecting value, and inform a robust structured framework and customised processes which enable the organisation to set strategy and achieve objectives through innovation and performance improvement.

Policy 004 Risk Management sets out the responsibilities of Council, the Audit and Risk Committee and the Chief Executive Officer in managing risk at the Town. The Town’s internal Management Practice 004.1 provides standard operating procedural guidelines for the risk management process and criteria for Town employees.

It is essential that all areas of the Town adopt the guidance material contained in the Policy, the Management Practice and this Framework document to ensure:

- strong corporate governance
- compliance with relevant legislation, regulations and internal policies
- the achievement of Integrated Planning and Reporting objectives
- An understanding of uncertainty, opportunities and threats and their effects on objectives.

5.2 Governing Structure

The Town's current governing structure for managing risk includes the following:

Risk Management Working Group

The Town has established an internal Risk Management Working Group to coordinate a holistic approach to managing and reporting on risks at the Town. The Risk Management Working Group consists of business unit managers from across the different directorates, and staff with specific skill sets, to enhance the risk management process.

The Committee meets at least quarterly and conducts reviews on current risks, identifies new risks, monitors risks and assists in developing and recommending risk treatment options. Minutes from the Risk Management Working Group meetings are presented to C -Suite for endorsement and then presented as a report to the Audit and Risk Committee to demonstrate the Town's commitment to risk management.

Audit and Risk Committee

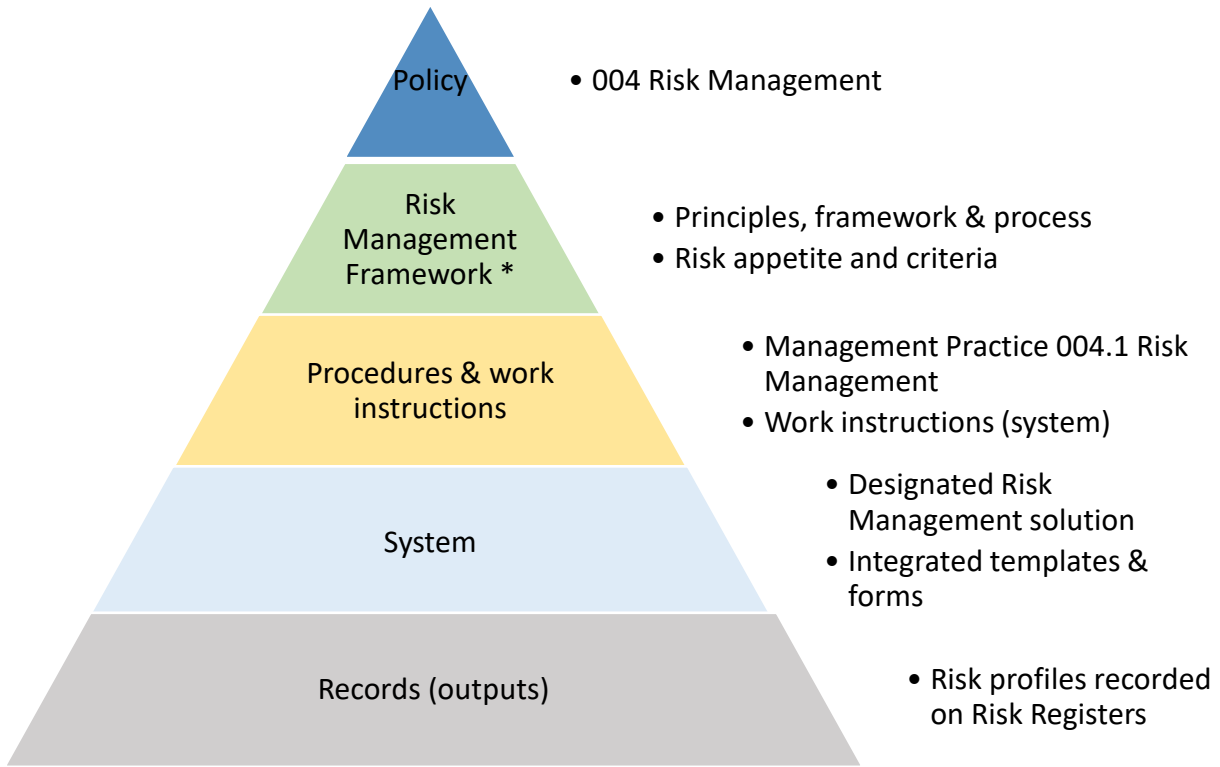
The Audit and Risk Committee meets quarterly and receives regular reports on risk management from the Risk Management Working Group. The role of the Audit and Risk Committee is to review whether the Town has an effective risk management system in place, the effectiveness of the Town's risk management systems and reports to Council on any adverse trends or risks that need further attention. Other reports, such as audit reports, also identify risks and these are also discussed at Audit and Risk Committee meetings.

Council

Risk management constitutes a vital component of a council's management and internal control structure. It involves identifying the risks that the council might encounter and devising optimal strategies to mitigate them. The evaluation and handling of risks play a pivotal role in shaping internal audit initiatives.

5.3 Document Structure

The current Risk Management documentation structure reflects best practice in Quality Management Systems (ISO 9001) as shown in the hierarchy below.



*This document.

Figure 3. Risk Management document structure



6 Risk Assessment and Acceptance Criteria

The Risk Assessment and Acceptance Criteria are applied to the risk assessment and treatment process, with detailed operational procedures detailed in Management Practice 004.1 Risk Management.

6.1 Risk Impact Categories

These are categories against which the consequences/impacts of risk will be assessed:

Risk impact category	Description
Financial loss	Financial loss that may or may not be managed within the existing budget and may or may not impact a program or service.
Environmental	Harm to the environment or heritage asset or area.
Safety	Harm or injury to people with potential time loss and/or medical care.
Information Security	This relates to the security of information and data the town owns or manages. It includes the management of information systems, corporate records and digital technology to preserve the confidentiality, integrity and availability of information.
Assets	This relates to maintenance, damage or destruction of Town assets. Causes include, but are not limited to, maintenance, theft, vandalism, fire, water damage, and failure to adequately insure buildings, property and assets.
Compliance Breach	Breach of legislation and compliance requirements that may or may result in legal action and financial penalties.
Reputation	Media exposure that may or may not impact reputation and image and may or may not require action or intervention.
Service Delivery Interruption	Disruption to a service or major project in progress that may result in delays to delivery.

6.2 Risk Likelihood

The predicted likelihood of the risk event occurring over time and activity/frequency:

Likelihood	Description
Almost Certain	Expected to occur in most circumstances (>80% probability) and/or Likely to occur at least once in every year.
Likely	Will probably occur in most circumstances (50 to 80% probability) and/or Likely to occur once every >1 -2 years.
Possible	Might occur at some time (25 to 49% probability) and/or Likely to occur once every >2-5 years.
Unlikely	Could occur but unlikely (2 to 24% probability) and/or Likely to occur once every >5-20 years.
Rare	May occur in exceptional circumstances (<2% probability) and/or Not likely to occur more than once in 30 years.

6.3 Risk Scoring Matrix

The overall risk level for a particular risk is assessed based on the likelihood and consequence scores for the risk plotted in the risk scoring matrix:

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	Medium	Medium	High	Extreme	Extreme
Likely	Medium	Medium	High	High	Extreme
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Medium	Medium

6.4 Effectiveness of Controls

Rating of the overall effectiveness of risk control measures currently used, in reducing the likelihood and/or consequence of the risk event occurring:

Effectiveness rating	Description
Fully effective	Fully effective at all times (will significantly reduce the likelihood and/or consequence of the risk at all times).
Substantially effective	Effective in most circumstances (will have a reasonably significant effect in terms of reducing the likelihood and/or consequence of the risk)
Partially effective	Partial control most of the time (will have some effect in terms of reducing the likelihood and/or consequence of the risk)
Totally ineffective	Not effective at all in mitigating the risk (will not have any effect in terms of reducing the likelihood and/or consequence of the risk)

6.5 Risk Appetite and Opportunities

The ISO Guide 73:2009, Risk Management – Vocabulary defines risk appetite as *“The amount and type of risk that an organisation is willing to pursue or retain”*. The risk appetite/attitude for residual risk has been identified for each Impact Category for the organisation in the following table.

Impact category	Consequence			
	Low	Medium	High	Extreme
Financial loss	●			
Environmental		●		
Safety	●			
Information security		●		
Assets		●		
Compliance Breach	●			
Reputation	●			
Service Delivery Interruption		●		

6.6 Risk Treatment Options

Risk is treated through one of the following treatments and in accordance with the Town’s strategic and operational objectives, risk appetite and available resources.

Treatment	Description
Accept	Accepting or retaining the risk at its residual risk rating level, without further treatment, even though it may exceed the organisation’s risk appetite.
Treat	Further treating risks to reduce the likelihood and/or consequence of the risk.
Transfer/Share	Transferring part of the risk (either management of the activity/service or consequences) to another party. Sharing risk does not mean that the responsibility/accountability for the risk has been transferred.
Avoid	Avoiding a risk/event with detrimental consequences by deciding not to proceed with the activity likely to create the risk, or by disposing of the asset, etc.



6.7 Risk Consequences

The following table provides guidance as to the graded consequences of risk for each Risk Impact Category. It is not an exhaustive list of consequences for each operational activity of the Town.

Impact Category	Insignificant	Minor	Moderate	Major	Severe
Financial Loss	Minimal financial impact that can be managed within the program or service budget. Less than \$10,000.	A financial loss that can be managed within the department budget. \$10,000 to less than \$100,000.	A financial loss that can be managed within the organisational budget. \$100,000 to less than \$500,000.	A financial loss unable to be managed within the organisational budget resulting in reduction in a program or service. \$500,000 to less than \$2M.	A critical financial loss resulting in closure of or significant reduction in a program or service. Greater than \$2M.
Environmental	Negligible damage that is contained on-site. The damage is recoverable with no permanent effect on the environment or the asset, The resource or asset will take less than 6 months to recover.	Minor damage to the environment or heritage asset or area that is immediately contained on-site. The resource or asset will take less than 2 years to recover or it will only require minor repair.	Moderate damage to the environment or a heritage listed asset or area, which is repairable. The resource or asset will take up to 10 years to recover.	Significant damage to an <i>environmentally significant</i> area or asset from which it will take more than 10 years to recover. OR Extensive damage to a non-heritage listed area or asset that has heritage values. OR Significant damage to a <i>Council Heritage Listed</i> area or asset that involves either extensive remediation or will take	Irreversible and extensive damage is caused to a <i>World Heritage Listed Area, a National Heritage Listed Site, a Register of the National Estate Site or a Council Heritage Listed</i> area or asset. OR Irreversible and extensive damage is caused to a <i>Matter of National Environmental Significance</i> under the Act (e.g. endangered species, RAMSAR wetland, marine environment).

Impact Category	Insignificant	Minor	Moderate	Major	Severe
				more than 10 years to recover.	
Safety	No injury / minor First Aid treatment only.	First Aid treatment or precautionary medical attention only. Person likely to immediately resume normal duties.	Person unable to resume normal duties in the short-medium term.	Hospitalisation with potential to result in permanent impairment.	Single or multiple fatality.
Information Security	Negligible damage to information systems. No loss of data.	Minor loss of data or damage to information systems. Some data catch-up may be required.	Moderate to high loss of information. Some data may be permanently lost. Workarounds may be required.	High risk of loss/corruption of data. Significant catch-up will be required. Business continuity plans to be implemented.	Extensive loss of or damage to information systems. Permanent loss of data. Widespread disruption to business.

Impact Category	Insignificant	Minor	Moderate	Major	Severe
Assets	Minor damage where repairs are required however, assets or infrastructure are still fully operational.	Short term loss or damage where repairs are required to allow the assets or infrastructure to remain operational using existing internal resources	Medium term loss of key assets and infrastructure where repairs are required to allow them to remain operational. Cost moderate and outside of budget allocation.	Widespread medium term loss of key assets and infrastructure where repairs required to allow the infrastructure to remain operational. Cost significant and outside of budget allocation.	Widespread long-term loss of substantial key assets and infrastructure. Infrastructure requires total rebuild or replacement.
Compliance Breach	Minor technical breach but no damages. No monetary penalty. Internal query.	Minor technical non-compliances and breaches of Corporate/Council Policy or State/Commonwealth regulations with potential for minor monetary penalty.	Compliance breach of regulation with investigation or report to authority with possible fine. AND/OR Special audit by outside agency or enquiry by Ombudsman.	Major compliance breach with potential exposure to large damages or awards. Potential prosecution with penalty imposed. District court action. OR Multiple compliance breaches that together result in potential prosecution with penalty imposed.	Severe compliance breach with prosecution and/or maximum penalty imposed. Supreme Court or criminal action. OR Multiple compliance breaches that together result in prosecution with maximum penalty imposed.
Reputation	Customer complaint. AND/OR Not at fault issue, settled quickly with no impact.	Non-headline community media exposure. Clear fault. Settled quickly by ToVP response. Negligible impact.	Negative local (headline) and some regional media coverage. Council notification. Slow resolution.	Negative regional (headline) and some national media coverage. Repeated exposure. Council involvement.	Sustained national media coverage. Maximum multiple high-level exposure. Direct Council intervention.

Impact Category	Insignificant	Minor	Moderate	Major	Severe
				At fault or unresolved complexities impacting public or key groups.	Loss of credibility and public/ key stakeholder support.
Service Delivery interruption	Some non-essential tasks will not be able to be achieved. AND/OR Unable to provide service for <1 business day. AND/OR Major Project in progress delay for < 1 month.	Less than 5% of essential tasks will not be achieved. AND/OR Unable to provide service for 1-2 business days. AND/OR Major Project in progress delay for 1 - 2 months.	5% - 10% of essential tasks will not be achieved AND/OR Unable to provide service for 2-5 business days. AND/OR Major Project in progress delay for 2-3 months.	10% - 20% of essential tasks will not be achieved. AND/OR Unable to provide service for 5-10 business days. AND/OR Major Project in progress delay for 3-6 months.	Greater than 20% of essential tasks will not be achieved. AND/OR Unable to provide service for >10 business days. AND/OR Major Project in progress delay for > 6 months.



7 Related documents

- [Policy 004 Risk Management Policy](#)
- [Management Practice 004.1 Risk Management](#)
- [Audit and Risk Committee – Terms of Reference](#)

8 References

- Standards Australia, *AS/ISO 31000:2018 Risk Management Guidelines*.
- *ISO Guide 73:2009, Risk Management – Vocabulary*.

9 Revision history

Version	Action	Date	Authority	Resolution number	Report number
1	Adopted	18 July 2023	Council	158/2023	
2	Next Revision	July 2026			
3	Revision	June 2024			