Risk Management Strategy and Plan

Issue 1 July 2021

Introduction

The following Risk Management Strategy and Plan has been developed in accordance with the Hay Shire Council Risk Management Framework and complies with the "AS/NZ ISO 31000:2018 Risk management - Principles and guidelines". The strategy and plan also account for the various Government and stakeholder Policies, Internal audit guidelines and Toolkits.

Hay Shire Council has a strong commitment to risk management, to reduce and manage adverse effects on Council's objectives and operations and identify and to maximise opportunities and services available to our people.
It is the aim of Council to manage those risks that impact upon the Community and its customers and the achievement of the overall goals strategies and objectives. Risk Management is also a key component of our overall Governance structure

It is recognised that for risk management to be truly effective, it must be embedded into the way that Hay Shire Council does business and conducts all operations. To achieve this, a corporate wide approach to risk management has been taken in the development of this plan. The risk Management Strategy and Plan defines exactly how risk management activities will be undertaken within the organisation. The purpose of the plan is to define the procedures roles, responsibilities monitoring and reporting requirements for the management of the risks as they relate to Council.

It is true that Council is a small rural based organisation with limited capacity to implement complex strategies and plans but it is also true that Council has limited financial and people resources and must manage its risk in an appropriate effective and efficient manner if it is going to be sustainable and fit for the future. This plan tells us how we are going to do that.

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General Manager

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1. POLICY STATEMENT

1) Councils Risk Management Policy has been formulated having regard to *"AS/NZ ISO 31000:2018 Risk management - Principles and guidelines"*. The International Standard acknowledges that, whilst it provides generic guidelines, it is not intended to promote uniformity of risk management across organisations and that the design and implementation of risk management frameworks need to take into account, and be tailored to, the varying objectives, functions and operations of specific organisations.

2) In pursuing the achievement of its objectives and governance responsibilities, Council will accept a degree of risk commensurate with both the potential reward and with Council's role in the community. There are limits to the risk appetite of an organisation and as such this Council has no appetite for risks that may compromise the safety and welfare of staff, volunteers, contractors and/or members of the public, affect the long term financial sustainability or will have an adverse impact on the reputation of Council.

2. POLICY PRINCIPLES

Council states in its Risk Management Policy that its Principles are :-

- Risk management will be part of strategic, operational and business planning activities.
- Risks will be reviewed against the Enterprise Risk Management framework to capture, monitor and report risk management and governance processes.
- Have a process in place which allows the escalation and reporting of risk to the Enterprise Risk Management Committee and Audit Risk and Improvement Committee.
- Risk management shall ensure all reasonably foreseeable risks are systematically identified, assessed, analysed, prioritised and eliminated or controlled in a manner which is reasonably practicable.
- Risk is considered to be dynamic, requiring attention and the risk owners prompt response to change.
- Have up to date risk registers to continually improve operational and strategic risk management activities.

Council risk management principles are also guided by those outlines in ISO 31000:2018 as shown below

Figure 1
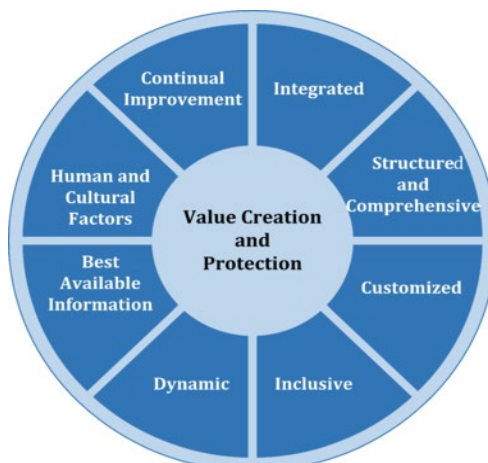
4. ROLES AND RESPONSIBILITIES

The risk management framework to be effective needs to ensure that there is accountability and authority for implementing and maintaining the risk management process. The allocation of roles and responsibilities for the risk management process in the organisation are outlined below.

− Council – as ' top management' is accountable for risk management and endorses the risk management policy, allocates appropriate resources for risk management, reviews Risk Register and risk assessments prepared by management and determines risk appetite.

− Audit, Risk and Improvement Committee – overseeing the risk management program and the internal reporting process in particular. Consider internal audit reviews and recommendations.

− General Manager – implement and maintain the risk management framework endorsed by the Council, including ensuring that risk management is integrated into all organisational activities, demonstrates leadership and commitment to risk management.

− Management and staff – prepare risk assessments as well as the development and implementation of risk mitigation activities.

− All employees are to be actively involved in the identification assessment and management of Risk to the best of their ability. They are required to communicate to their supervisor any identified Risk associated with faults or errors in Hay Shire Council's assets (owned and/or controlled), activities, procedures or policies as well as any non-compliance with Hay Shire Council controls or requirements that are likely to expose Hay Shire Council to Risk.

− Internal Auditor – independent review of risk management framework, individual risk assessments and effectiveness of mitigation measures

− Council has an Enterprise Risk Management Committee whose role is to:

- Endeavour to provide a safe environment for residents, visitors and employee's
- Proactively manage Hay Shire Council risks
- Establish the future direction of risk management programmes.
- Provide support and advice to Council and ARIC
- Work with other risk stakeholders
- Continuously improve the risk knowledge base within the organisation.

5. THE RISK MANAGEMENT PROCESS

The process adopted by Hay Shire Council to manage risks in the organisation is in accordance with the International Standard for Risk Management ISO 31000:2018.Risk Management – Principles and guidelines

It involves a 7 step process in conjunction with effective communication and consultation as well as effective monitoring and review systems which are embedded in the processes .

The main elements of the risk management process are the following and as depicted in Figure 2:
- Scope context and Criteria
- Risk Assessment
- Identify Risks
- Analyse Risks
- Evaluate Risks
- Treat Risks

- Recording and Reporting

Figure 2
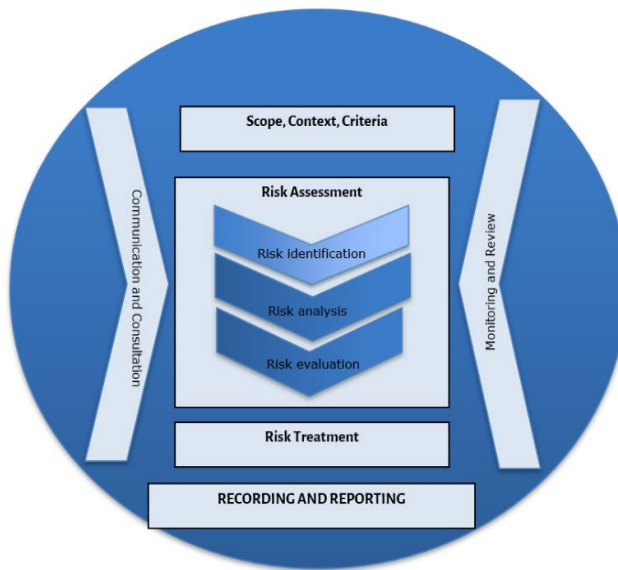
6.   COUNCIL –CONTEXT AND FRAMEWORK

The Framework

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

Figure 3

`Hay Shire Council has adopted a risk management framework that links with and makes reference to the Division of Local Government's Integrated Planning and Reporting in applying

informed decision making to ensure the achievement of the set objectives. (figure 4)

Figure 4

The Context

Establishing the context requires a broad understanding of Council's operations; the external and internal environment in which it operates and the factors that have major impact on the achievement of its objectives. Fortunately being a small enterprise Council has a very good understanding of its operations and internal and external environment and is able to identify those factors that will have an impact on the achievement of its objectives.

Councils Community strategic Plan, Delivery and Operational Plans resourcing strategy and Annual report set the parameters criteria and risk context. Risk is considered in both the internal and external context when setting in place our strategies and priorities for the achievement of our objectives.

7   Communication and Consultation

Communication of risk and consultation with the stakeholder community are essential to supporting sound risk management decisions.

Sound communication strategies are also needed to ensure the following

- improve people's understanding of risks and the risk management processes
- ensure all relevant stakeholders are heard
- ensure that everyone is clear on their roles and responsibilities.

Fortunately Council by way of its charter and operations is very close to its stakeholders and community and has a number of communication and consultation initiatives in place. They include the following

- Integrated Planning and reporting requirements
- Intranet
- Staff Newsletters
- Staff Meetings
- Management meetings
- Engagement Strategy
- Reports
- Risk Management Committee

It is absolutely essential that these processes remain in place and are effectively managed and resourced. Effective communication is a critical factor in the success of the Risk Management Plan.

8. Risk Identification and Assessment

While Hay Shire Council is a relatively small organization some of our risks are quite complex so to properly identify the risks we need to breakdown the risks into the activities that we do and the resources that are needed in order to produce the services and objectives. Even for our size organization there are many risk elements. From this Council can than ask the two fundamental questions

1. What has gone wrong in the past
2. What could go wrong in the future?

This risk breakdown structure is an essential tool in our risk identification process

The identification process also asks the following questions

- What can happen?
- Where can it happen?
- When can it happen?
- Why can it happen?
- How can it happen?
- What is the impact?
- Who is responsible?

Council utilises a number of methods to help identify risks that could materially impact the business:

- Brainstorming
- Formal risk workshops and consultation with stakeholders
- Personal experiences

- Expert judgment
- Periodic working committee meetings
- Periodic reviews of the risk register
- Scenario analysis
- Business process reviews & work breakdowns
- Review of actual incidents and issues identified
- SWOT analysis
- Delivery and operation plans implementation planning

It is also important to consider the potential causes of a risk as it will help to address the risk and the next stage of the risk management process. Some causes of risk could include:

- commercial/legal relationships
- socio-economic factors
- political/legal influences
- personnel/human behavior (poor culture or training)
- financial
- management activities and controls
- technology/technical issues
- operational issues
- business interruption
- natural events
- lack of resources and expertise

As a local Authority risks are common place and occur in every aspect of our operations and are dynamic in nature. Risk identification is ongoing and requires awareness, training and proper procedures across all levels.

There are also tools available to assist in the assessment process which include the risk assessment template form and the Guidelines for conducting a risk assessment which form part of this plan. (see annexures). All Managers need to ensure that they are competent in the use of these tools.

9.   Risk Analysis

Once risks have been identified, they are then analyzed. This involves considering and rating the likelihood of occurrence and potential consequences and also identifying preferred risk treatment options including As Low as Reasonably Practical (ALARP). At this point, no consideration is given to existing controls.

The likelihood of occurrence is the probability of an event occurring.   When considering the likelihood of a risk, Council considers both the probability and frequency of occurrence. Council utilises the following likelihood ratings.

Rating	Likelihood	Description	Quantification
1	Rare	The event may occur but only in exceptional circumstances. No past event history.	Once every 50 years or more
2	Unlikely	The event could occur in some circumstances. No past event history.	Once every 20 years
3	Possible	The event may occur sometime. Some past warning signs or previous event history.	Once every 5 years
4	Likely	The event will probably occur. Some recurring past event history	Once a year
5	Almost Certain	The event is expected to occur in normal circumstances. There has been frequent past history.	Once every 6 months or more frequently

Table 1: Likelihood Ratings

The consequence assessment is the effect or impact of the risk event. It is measured both financially (in terms of profit/loss or balance sheet impact) and operationally (human & physical). Council will utilise the following consequence ratings.

Rating	Consequence	Service Delivery	Safety	Compliance	Reputation	Financial impact
1	Insignificant	Interruption to a service – no impact to customers or Business	No Injury/First aid only. No impact on morale	Isolated non-compliance or breach: negligible financial impact.	No media or political attention. Some local complaints	P&L < $10K
2	Minor	Minor interruption to a service with minimal impact to customers or business	Minor medical attention. Negligible impact on morale	Contained non-compliance or breach; with short term or minor financial impact.	Some media or political attention. Community concern – little adverse affect	P&L $10K -$50K
3	Moderate	Moderate interruption to service delivery. Customer impact up to 48 hours.	Significant Injury requiring medical attention. Short term effect on morale and business	Serious breach involving statutory authority or investigation; prosecution possible with significant financial impact	Significant media attention and public interest. Potential for adverse local media	P&L $50K -$100K
4	Major	Major Interruption to service delivery. Customer impact 7 – 14 days.	Serious long term injury. Temporary disablement. Significant impact on morale.	Major Breach with fines and litigation with major financial impact	Regional or state wide media attention. Long term effect on reputation	P&L $100K -$500K

| 5 | Catastrophic | Key activities disrupted for over 14 days. Full BCP action required | Major injury or death. Long term effect on morale and performance. | Extensive fines and litigation with possible class action. Threat to viability of program or service | Potential National media attention. Irreparable damage to reputation | P&L > $500K |

Table 2: Consequence Ratings

Inherent risk is the overall raw risk. It is determined by combining the likelihood and consequence ratings. Ultimately, the level of inherent risk will determine how a risk is treated. The following table depicting the inherent risk levels that will be used by Council.

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

Table 3: Risk Level Ratings

Preferred Risk Treatment Options (including ALARP)

Residual Risk Rating	Preferred Risk Treatment Options	Minimum reporting /escalation level for decision to cease activity, continue activity or take other necessary actions
Extreme	**Preferred treatment options: Avoid** → Cease activity, process or task until further directed. → Requires immediate escalation and active management through additional and effective treatment measures to reduce risk before proceeding. → Detailed planning required in consultation with the Director (and/or Manex/GM) to prepare a risk management plan.	**Director** (escalate Manex / GM as deemed necessary)
High	**Preferred Treatment Options: Avoid, Transfer or Mitigate** → Subject to discussions with Manager (and/or Director), consider ceasing activity, process or task temporarily to consider alternative options or review risk treatment strategies to enhance adequacy and effectiveness. → Consider implementation of additional or improved controls to reduce the risk to ALARP. → Continue to monitor control effectiveness.	**Manager** (escalate to Director as deemed necessary)

Medium	**Preferred Treatment Options: Mitigate or Accept** → Subject to discussions with Supervisor, Co-ordinator or Team Leader (and/or Manager), review risk treatment strategies to determine their adequacy and effectiveness. → Consider implementation of additional or improved controls to reduce the risk to ALARP. → Continue to monitor control effectiveness.	**Supervisor, Co-ordinator or Team Leader** (escalate to Manager as deemed necessary)
Low	**Preferred Treatment Options: Accept and identify corrective action** → Manage by existing routing procedures and work practices. → Continue to monitor control effectiveness.	**Responsible staff** (escalate as deemednecessary)

Table 4: Risk Treatment Options

ALARP – As low as reasonably practicable

ALARP involves weighing the benefits and opportunities to be gained from managing the risk and continuing with the proposed activity against the effort, time and resources needed to control the risk.

When determining if additional treatment options should be implemented, consideration should begiven to the level of risk that would remain if additional controls were implemented.

- **Unacceptable** - where the cost or resource required to implement further risk treatment is grossly disproportionate to the risk control improvement gained, a decision should be made to cease the activity altogether or find an alternative course of action (except in cases where overriding factors mean there is no choice but to implement the identified additional control measures).

- **Acceptable** - **ALARP** - *aim for this level of risk treatment* - where the cost, resources and effort required to implement additional risk treatment is acceptable and worthwhile given the risk control improvement gained and resulting benefits achieved from continuing with the activity, operation or project being assessed.

10. Inherent Risk Evaluation

Risk evaluation involves comparing the level of risk found during the analysis process against Council's known priorities and requirements.

Depending on the level of inherent risk, treatment strategies will vary:

Extreme: Require immediate action as the potential risk exposure could be devastating to the

organisation.

Very High: Requires action very soon (within 3 months), as it has the potential to be damaging to the organisation.

High: Requires treatment with routine or specific procedures.

Medium: Continue to monitor and re-evaluate the risk, ideally treat with routine procedures.

Low: Continue to monitor and re-evaluate the risk, ideally treat with routine procedures.

Any risks accorded too high or too low a significance are adjusted, and documented accordingly. The output of the risk evaluation is a prioritised list of risks for further action.

Once each risk has been re-assessed in light of current controls or management strategies, mapping the re-assessed risks onto a matrix will assist in determining whether risks should be prioritised for further action. If the resulting risks fall into the low or acceptable risk categories they may be accepted with minimal further treatment.

Low and accepted risks should be monitored and periodically reviewed to ensure they remain acceptable. If risks do not fall into the low or acceptable risk category, they should be treated using one or more of the options considered below.

11.   Addressing Risks

Addressing risks involves identifying and evaluating existing controls and management systems to determine if further action (risk treatment) is required.

Existing controls are identified and then assessed as to their level of effectiveness. Council will utilise the following control effectiveness ratings.

Rating	Effectiveness	Description	Quantification
0	Not Effective	The control does not address risk	0%
1	Slightly Effective	The control is not reliable as it is not well designed, documented and/or communicated.	1-20% effective
2	Somewhat Effective	Control may be reliable but not very effective as control design can be improved.	21-40% effective
3	Reasonably Effective	Control is reliable but not efficient as documentation and/or communication could be improved.	41-60% effective
4	Mostly Effective	The control is mostly reliable and efficient. Documentation exists but can be better communicated.	61-80% effective
5	Very Effective	Control is reliable and efficient. Fully documented process and well communicated.	81-100% effective

Residual risk is the level of risk after considering existing controls. It is determined by applying the effectiveness of existing controls to inherent risk.

Ultimately, the level of residual risk as well as Councils risk appetite will determine how a risk is treated.

Where controls exist and are considered effective to manage the risk down to medium/low and or within risk appetite, the residual risk will be low and typically, no further work is required except for periodic monitoring.

Where controls either do not exist or are considered ineffective to manage the risk down to medium/low and or within risk appetite, the residual risk could be medium to extreme and risk treatment is required. Where Council accepts the remaining residual risk and risk treatment is planned, it is good practice to document the reason why.

Risk Treatment

The purpose of risk treatment is to select and implement options for addressing risk.

Risk treatment involves an iterative process of:

- — formulating and selecting risk treatment options;
- — planning and implementing risk treatment;
- — assessing the effectiveness of that treatment;
- — deciding whether the remaining risk is acceptable;
- — if not acceptable, taking further treatment.

Selection of risk treatment options

Risk treatment involves selecting one or more options for modifying risks, and implementing those options. Once implemented, treatments provide or modify the controls. An action should be implemented to treat certain risks.

Council will tolerate a certain "acceptance" level of risk. Any risk that is rated low or moderate should be monitored and reviewed in line with relevant Council processes and systems

Options for treating risk may involve one or more of the following:

- — avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk;
- — taking or increasing the risk in order to pursue an opportunity;
- — removing the risk source;
- — changing the likelihood;
- — changing the consequences;
- — sharing the risk (e.g. through contracts, buying insurance);
- — retaining the risk by informed decision.

The selection of risk treatment options should be made in accordance with Councils preferred risk treatment options and ALARP.

Risk treatments, even if carefully designed and implemented might not produce the expected outcomes and could produce unintended consequences. Monitoring and review must be an integral part of the risk treatment implementation to give assurance that the different forms of treatment become and remain effective.

Risk treatment can also introduce new risks that need to be managed.

If there are no treatment options available or if treatment options do not sufficiently modify the risk, the risk should be recorded and kept under ongoing review
Decision makers and other stakeholders should be aware of the nature and extent of the remaining risk after risk treatment. The remaining risk should be documented and subjected to monitoring, review and, where appropriate, further treatment.

For those risks that are Very High, Extreme or deemed to be unacceptable, they need to be evaluated and specific action plans need to be developed to manage the risk appropriately. (see Appendix 3 for action plan template)

Preparing and implementing risk treatment plans

The purpose of risk treatment plans is to specify how the chosen treatment options will be implemented, so that arrangements are understood by those involved, and progress against the plan can be monitored. The treatment plan should clearly identify the order in which risk treatment should be implemented.

Treatment plans should be integrated into the management plans and processes of Council, in consultation with appropriate stakeholders.

The information provided in the treatment plan should include:

- — the rationale for selection of the treatment options, including the expected benefits to be gained;
- — those who are accountable and responsible for approving and implementing the plan;
- — the proposed actions;
- — the resources required, including contingencies;
- — the performance measures;
- — the constraints;
- — the required reporting and monitoring;
- — when actions are expected to be undertaken and completed.

12. Risk Tolerance/Appetite

Council will have a responsible approach to risk management, seeking to recognise and manage its exposure to risks in accordance with its vision, mission and values. In pursuing the achievement of its objectives and governance responsibilities, Council will accept a degree of risk commensurate with the potential reward and with consideration of Council's role and responsibilities within the community. Council's risk appetite in relation to its adopted key risk categories is therefore as follows:

	Appetite or willingness to accept risk		
	Minimal Preference for options that avoid risk or have low inherent risk	**Cautious** Preference for safe optionswith relatively low degree of residual risk for potential reward	**Open** Willingness to consider all options with an enthusiasm for innovation,preference for options that provide for an acceptable level of reward
Financial		✓	
Safety	✓		
Service delivery & infrastructure			✓
Compliance — *Statutory*	✓		
Compliance — *Regulatory*		✓	
Reputation		✓	

Council has no tolerance for risks that may compromise the safety and welfare of staff, the community, contractors and volunteers.

Council places great importance on compliance and has little appetite for any breaches in legal, regulatory or professional requirements. However as it is acknowledged that regulatory compliance is often discretionary in nature, Council will give due consideration to associated public health, safety and environmental risks, as well as the opportunity to educate the community.

Council has minimal appetite for risks that may have a significant adverse impact on its long term financial sustainability, however Council encourages entrepreneurship and has a moderate appetite for risks arising from economic opportunities.

Council is mindful that reputational risk is inherent in all its business activities, however although Council will take a cautious approach, it will not be constrained by reputation related risk in pursuing innovation.

Council has considerable appetite for improvements and innovation in service delivery, technology andthe efficiency of operations and project delivery.

Council's Risk Assessment Criteria will align with Council's risk appetite and will be used to undertake the Risk Management Process.

13. Implementation

The methodology adopted within the Risk Management Strategy and plan will be applied to all areas of council, both operational and strategic levels.

The plan itself and its implementation will be actioned by the General Manager and coordinated and monitored by the Enterprise Risk Management Committee and the senior Management

Team (Manex). Risk management is everybody's responsibility and it is essential to work as a team if implementation is going to be successful.

14. Reporting Measuring and Monitoring

For the risk Management framework to be successful it must be supported by a proper governance framework which requires monitoring measuring and reporting. Staff duties, structures and hierarchies will account for appropriate risk management monitoring procedures and the various project plans, and business plans will include risk management measurement outputs. The results of the measuring processes will be reported both through our external integrated reporting requirements bat also by way of regular management, Council and staff reports. Risk Management must be truly integrated into what we do and will be fully incorporated into our reporting, measuring and Monitoring processes

15. Review

Council is required to review its delivery and operational plan annually and it is planned that the Risk Management Strategy and Plan which is embedded into these reports and will be reviewed at this time. Council is a small dynamic organization with an acceptance that plans responsibilities and outcomes will vary depending on circumstances, resources and capacity. However the overriding principle of any plan review is that Council is committed to a proper risk management framework.

16.   Definitions

The key risk management terminology used within the Framework is in accordance with *AS ISO 31000:2018 Risk Management - Guidelines* and *ISO Guide 73:2009 Risk Management*

Risk Term	Definition
Risk	Risk is the effect of uncertainty on objectives, where an effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats. Risk is usually expressed in terms of risk sources, potential events, their consequences and their likelihood.
***Types of Risk**(as defined by Council)*	*Strategic Risks* *Risks (either internal or external) which may impact upon the ability of the organisation to achieve its strategic objectives as set out in Council's Community Strategic Plan.* *Divisional Risks* *Risks (either internal or external) which may impact upon the ability of the Division to meet its objectives and key service delivery commitments.* *Operational Risks* *Risks which may impact upon the ability to achieve day to day service delivery commitments.*
Risk management	Co-ordinated activities to direct and control an organisation with regard to risk
Risk management policy	Statement of the overall intentions and direction of an organisation related to risk management
Risk management framework	A set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation. The foundations include the policy, objectives, mandate and commitment to manage. The organisational arrangements include plans, relationships, accountabilities, resources, processes and activities. Risk management framework is embedded withinthe organisation's overall strategic and operational policies and practices.
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. Components typically include procedures, practices, assignment of responsibilities, sequence and timing of activities.
Risk management process	Systematic application of management policies, procedures and practices to theactivities of communicating, consulting, establishing the context and identifying, analysing, evaluating, treating, monitoring and reviewing risk
Communication & consultation	Continual and iterative processes that an organisation conducts to provide, share or obtain information, and to engage in dialogue with stakeholders regarding the management of risk
Stakeholder	A person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity
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
Risk criteria	Terms of references against which significance of a risk is evaluated. Risk criteria are based on organisational objectives and external and internal context
Risk assessment	The overall process of risk identification, risk analysis and risk evaluation
Risk identification	The process of finding, recognising and describing risks. Risk identification involves the identification or risk sources, events, their causes and their potential consequences. Risk identification can involve historical data, theoretical analysis, informed and expert opinions, and stakeholders needs
Risk description	A structured statement of risk usually containing four elements, events, causes and consequences
Risk source	Element which alone, or in combination, has the potential to give rise to risk

Risk Term	Definition
Event	Occurrence or change of a particular set of circumstances. An event can have one or more occurrences, and can have several causes and several consequences. An event can be a risk source
Hazard	Source of potential harm. Hazard can be a risk source
Risk owner	Is the person or entity with the accountability and authority to manage a risk
Risk analysis	Process to comprehend the nature of risk and to determine the level of risk. Risk analysis provides the basis for risk evaluation and decisions about risk treatment, and includes risk estimation
Likelihood	The chance of the risk happening
Exposure	Extent to which an organisation and/or stakeholder is subject to an event
Consequence	The outcome of an event. A consequence can be certain or uncertain and can have positive or negative direct or indirect effects on objectives
Risk matrix	Tool for ranking and displaying risks by defining ranges
Level of risk (risk rating)	Magnitude of a risk or combination of risks, expressed in terms of the combination of consequence and their likelihood
Risk evaluation	Process comparing the results of risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable. Risk evaluation assists in the decision about risk treatment
Risk appetite	The amount and type of risk that an organisation is willing to pursue or retain
Risk treatment	Is the process to modify a risk. Risk treatment options include: ▪ Reducing the risk by lowering the likelihood and/or consequences of the risk. ▪ Sharing elements of the risk with key stakeholders. ▪ Eliminating the risk by avoiding the risk or removing the risk source. ▪ Taking or increasing the risk in order to pursue an opportunity or retaining therisk by informed decision. Risk treatments that deal with negative consequences are sometimes referred to as "risk mitigation", "risk elimination", "risk prevention" and "risk reduction"
Control	Measure that maintains and/or modifies risk. Controls include, but are not limited to,any process, policy, device, practice, or other conditions and/or actions which maintain and/or modify risk.
Inherent risk	The level of risk that exists prior to the implementation of risk control measures
Residual risk	The level of risk remaining after risk control measures have been taken
Monitoring	Continual checking, supervising, critically observing or determining the status in order to identify changes from the performance level required or expected. Monitoring can beapplied to a risk management framework, process, risk or control
Review	Activity undertaken to determine the suitability, adequacy and effectiveness of thesubject matter to achieve established objectives. Review can be applied to a riskmanagement framework, process, risk or control
Risk reporting	Form of communication intended to inform particular internal or external stakeholdersby providing information regarding the current state of risk and its management
Risk register	Record of information about identified risks. The term "risk log" is sometimes usedinstead of "risk register"
Risk profile	Description of any set of risks. The set of risks can contain those that relate to the whole organisation, part of the organisation or as otherwise defined
ALARP	'As Low as Reasonably Practicable' - ALARP involves weighing the benefits and opportunities to be gained from managing the risk and continuing with the proposed activity against the effort, time and resources needed to control the risk

17. APPENDICES

Appendix No.	Name
1	Risk Assessment Template Form
2	Quick Guidelines for conducting a Risk Assessment
3	Template for the Treatment/Action Plan

Appendix 1   Risk Assessment Template Form

Risk Statement	Risk Category	Existing Controls	Inherent/Initial Risk Rating	Additional Treatment Strategy required	Residual Risk Rating	Responsibility	Timeframe

Appendix 2   Guidelines for conducting a Risk Assessment

The following guideline will assist in determining what information needs to be entered into each section of the Risk Assessment form is detailed below:

Column	Explanation
Risk Statement	The risk statement must be clear comprehensible and unambiguous and provide an improved understanding of the risk. It should encompass the following four elements • Sources of the risk • The risk or uncertain event • The likely causes • The possible consequences
Risk Category	Refers to the type of risk to the organisation; is it Operational, technical, financial, legal social and environmental.
Existing Controls	Existing controls are those measures that are currently modifying risk. They include any processes, policy, device, practice or other actions which modify risk.
Inherent Risk Rating	The inherent risk rating is the current or original risk rating which considers current controls prior to the addition of risk treatments.
Risk Treatment	This is the process used to modify the risk. The treatment action plan should be detailed in accordance with appendix 3.
Residual Risk rating	This is the Risk remaining after risk treatment.
Responsibility	This is the person responsible for managing the risk including the treatment of risks. This includes ensuring that the treatment strategy outlined is implemented and is doing what it was designed to do – manage the risk.
Timeframe	This is the timetable for implementation

Appendix 3   Template for the Treatment / Action Plan as a Result of the Risk Assessment

Activity				Department		
Consulting Group				Date Prepared		
Ref No.	WHAT needs to be done	HOW will this be done	WHO is responsible	WHEN does it need to be done by	MONITOR progress every:	REPORT to: