Risk & Opportunity
Management Framework

February 2015

Version 2.0
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Preface

In this time of innovation and change Monash City Council encounters a range of risks that may threaten its ability to meet its objectives and faces some positive opportunities that, if embraced in a considered and constructive manner, will greatly assist in improving service delivery and performance. Risk and opportunity management is about the proactive management of these uncertain events.

This document sets out a Risk and Opportunity Management Framework for Monash City Council. It clearly details the aims, objectives and actions required to deliver an approach to integrating risk and opportunity management into the leadership, council planning, staff culture and operational delivery of all our programs and services, and then to sustain this delivery in an environment of continuous improvement.

The Risk and Opportunity Management Framework should be read in conjunction with the Risk and Opportunity Management Policy. Effective risk and opportunity management will help to ensure that Monash City Council maximises its opportunities and minimises the impact and likelihood of the risks it faces. This will improve our ability to deliver our priorities and improve outcomes for Monash City Council.

is a critical part of ensuring our staff understand how risk and opportunity management can assist them in their daily activities. Monash City Council conducts periodic training in the risk and opportunity management framework, policy and risk management processes.

1.1 Risk and Opportunity Management – What is it?

Risk and opportunity is defined as ‘something happening that may have an impact on the achievement of objectives’.

Risk and opportunity management describes the planned and systematic approach used to identify, evaluate and manage the whole range of business risks and opportunities facing Monash City Council.

It is a central part of any organisation’s strategic management and involves the organisation’s management team and operational managers methodically addressing the risks and opportunities attached to their activities with the goal of achieving sustained benefit within their activity.

A risk management framework is a set of components that provides the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.

Stakeholders include both internal i.e Councillors, managers, staff, contractors, volunteers etc. And external stakeholders which include local businesses, rate payers and general public.
1.2 Purpose

The purpose of the Risk and Opportunity Management Framework is to:

- Add value to the activities of Monash City Council;
- Assist in achieving Monash City Council’s goals and deliver programs and services within an acceptable level of risk;
- Provide staff and management with a systematic and formalised process for identifying and managing risk and opportunity;
- Ensure a consistent approach to risk and opportunity management is adopted across Monash City Council;
- Ensure risks are identified and effectively managed using appropriate internal controls;
- Allow resource allocation towards risk mitigation strategies to be considered during strategic planning and council plan development;
- Develop an organisational ethos and operating culture which achieves the integration of the risk and opportunity management process into all staff and management activities.

2 Risk Management Process

The process for managing Monash City Council’s risks is consistent with the Australian and International Standard in Risk Management, AS/ NZS ISO 31000:2009, Risk Management – Principles and guidelines. It involves five key steps and additional steps to ensure feedback through a monitoring and review process and appropriate communication and consultation. Opportunities are also undertaken in the following manner.

A ‘Risk Management Reference Sheet’ that summarises the following risk management process can be found in Appendix A.
2.1 **Step 1: Communicate & Consult**

Communication and consultation are important elements in each step of the risk and opportunity management process. Effective communication is essential to ensure that those responsible for implementing risk management, and those with a vested interest, understand the basis on which risk management decisions are made and why particular actions are required.

It is important that the communication approach recognises the need to promote risk and opportunity management concepts across all management and staff.

2.2 **Step 2: Establishing the Context**

Establishing the context defines the basic parameters within which risks must be managed and sets the scope for the rest of the risk and opportunity management process. The context includes Monash City Council's external and internal environment.

**External Context**

Establishing the External Context is not only about considering the external environment, but also includes the relationship or interface between Monash City Council and its external environment. This may include:

- Business, social, regulatory, cultural, competitive, financial and political environment;
- Community impact;
- Health and safety;
- Media;
- Legal and Regulatory obligations; and
- External stakeholders/ key third party service providers.

Establishing the external context is important to ensure that stakeholders and their objectives are considered when developing risk management criteria and that externally generated threats and opportunities are properly taken into account.

**Internal Context**

An understanding of Monash City Council is important prior to undertaking the risk and opportunity management process, regardless of the level. Areas to consider include:

- Culture;
- Strategic Plan and drivers;
- Annual Council Plan and Annual Budget;
- Council;
- Occupational Health and Safety;
- Key performance indicators;
- Governance; and
- Internal stakeholders;

**Risk Management Context**

The level of detail that will be entered into during the risk and opportunity management process must be considered prior to commencement. The extent and scope of the risk and opportunity management process will depend on the goals and objectives of Monash City Council’s activities that are being addressed, as well as the budget that has been allocated to the activities.

In each instance, consideration must also be given to the roles and responsibilities for driving and undertaking the risk management and opportunity process.
2.3 Step 3: Identify Risks (Risk Identification)

The next step in the risk management process is to identify the risks to be managed. Comprehensive identification using a well-structured systematic process is critical, because a risk not identified at this stage may be excluded from further analysis. Identification should include risks whether or not they are under the control of Monash City Council.

Key elements of the identification stage are covered in Monash City Council’s budget and council planning frameworks, and both have risk and opportunity management incorporated into the process. It is logical to combine these management practices as they have the same ultimate goal, the achievement of objectives.

A number of questions should be asked when attempting to identify risks. These include:

- What can happen?
- Where could it happen?
- When could it happen?
- Why would it happen?
- How can it happen?

Answering these questions will assist in the generation of a list of risks and events that may have impact on achieving set objectives and our council plans.

Risk Identification Methods

There are a number of different methods to identify risks, some of which may include:

- Brainstorming sessions with all stakeholders;
- Risk Identification workshops;
- Annual strategic, council planning and budget workshops;
- Checklists developed for similar events/projects/activities; and
- An examination of previous events/projects/activities of this type.

Changes in the external and internal environments of local governments may present risks. Monitoring of such changes can facilitate the early identification of unforeseen risks.

For identification of risks in large projects, refer to the City of Monash Risk and Opportunity Model – Examples of Risks and Opportunities for assistance in recognising risks within different categories.

Documentation

Where there are a number of risks identified within an activity, all identified risks should be documented in the ‘Risk Description’ column of the ‘Risk Assessment Template’, which can be found in Appendix B.
2.4 Step 4: Analyse Risks (Risk Analysis)

Once all risks have been identified, the next step of the risk and opportunity management process is to analyse the risks. This step involves considering the controls or mitigating activities already in place that reduce the level of risk. These controls or mitigating activities should be identified and documented in ‘Existing Controls in place’ column of the ‘Risk Assessment Template’ in Appendix B. Controls may include inspection regimes, Job Safety Analysis’s (JSA’s) Standard Operating Procedures (SOP’s), other documentation of work practices, defining responsibilities and accountabilities, and monitoring and reviewing processes.

This step also involves analysing the positive and negative consequences of the risk (ie its impact or magnitude of effect), and the likelihood that those consequences may occur (ie its frequency or probability). The consequence and likelihood are rated against established criteria (refer to Appendix A).

Consequence

When scoring the consequence associated with a risk, consideration needs to be given to its impact in terms of:

- Reputation and Public Image;
- Financial/Business Impact;
- Public/Staff Safety/OHS;
- Legal/Regulatory;
- Environment.

The impact scale is rated from “insignificant” to “catastrophic” as indicated in the Consequence Table in the ‘Risk Management Reference Sheet’ in Appendix A. In determining the overall consequence score, the highest individual score should be applied. The Consequence Table in Appendix C provides specific examples on the types of incidents and their associated impact scale, to assist staff in determining the Consequence rating that applies to the identified risk.

Likelihood

For Monash City Council, likelihood is rated from “rare” to “almost certain”. The likelihood table is a guide to assist with categorising how likely a risk event may occur. How likely is it that the business will be exposed to this specific risk considering factors such as:

- Anticipated frequency;
- The external environment;
- The procedures, tools, skills currently in place;
- Staff commitment, morale, attitude; and
- History of previous events.

<table>
<thead>
<tr>
<th>Likelihood Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>E. Almost Certain</td>
<td>Has a 90% chance of occurring in a given year</td>
</tr>
<tr>
<td>D. Likely</td>
<td>Has a greater than 50:50 chance of occurring in a given year</td>
</tr>
<tr>
<td>C. Possible</td>
<td>Has a 50:50 chance of occurring in a given year</td>
</tr>
<tr>
<td>B. Unlikely</td>
<td>About a 1:10 chance of occurring in a given year</td>
</tr>
<tr>
<td>A. Rare</td>
<td>May occur only in exceptional circumstances</td>
</tr>
</tbody>
</table>

Effectiveness of mitigating controls

In determining the residual risk rating, the assessment of the effectiveness on the controls, policies, processes and procedures implemented to manage a particular risk, should be based on the following table:
### Control Effectiveness Rating

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Effective</td>
<td>Nothing more to do except review and monitor existing controls. Controls are well designed for the risk, address the root cause and Management believes that they are effective and reliable at all times.</td>
<td>100%</td>
</tr>
<tr>
<td>2. Adequate</td>
<td>Most controls are designed correctly and are in place and effective. Additional work is required to improve the operating effectiveness or Management has doubts about operational effectiveness and reliability</td>
<td>75%</td>
</tr>
<tr>
<td>3. Improvement Required</td>
<td>While the design of the controls may be largely correct in that they treat most of the root causes of the risk, they are not currently operational or reliable. And/or Some of the controls have design flaws in that they do not treat the root cause of the risk and therefore they are ineffective in and unreliable</td>
<td>50%</td>
</tr>
<tr>
<td>4. Weak</td>
<td>Virtually no credible controls. Management has no confidence that any degree of control is being achieved due to poor control design and/or very limited operational effectiveness</td>
<td>25%</td>
</tr>
</tbody>
</table>

### Updating the control effective ratings

The control effectiveness ratings need to be updated after controls are reviewed which may occur through:

- Controls testing as part of Monash City Council’s internal or external audit process;
- Risk profile reviews as part of the monitoring and review process by the risk management department.

Once the control effectiveness rating is updated, the residual risk rating also needs to be updated to ensure it reflects the current situation. Any amendments and updates will be reported as part of the Risk Management report to Council’s Audit and Risk Committee.

### Documentation

All controls identified should be documented in the ‘Existing Controls in place’ column of the ‘Risk Assessment Template’, which can be found in Appendix B.

All risk ratings should be documented in the ‘Consequence’ and ‘Likelihood’ columns of the ‘Risk Assessment Template’, which can be found in Appendix B.
### 2.5 Step 5: Evaluate risks (Risk Evaluation)

The purpose of this step is to establish a residual risk rating taking into account the existing controls in place and using the consequence and likelihood tables provided in Step 4: Analyse risks.

#### Risk Impact Matrix

The initial risk rating for each risk is calculated by plotting the likelihood and consequence response scores on the Risk Impact Matrix (refer below) to give a risk rating of Extreme, High, Moderate or Low. This rating provides a measure of the level of risk and will identify the risks that require further treatment in Step 6: Treat risks.

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Consequence</th>
<th>Insignificant</th>
<th>Minor</th>
<th>Moderate</th>
<th>Major</th>
<th>Catastrophic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Almost Certain</td>
<td>E</td>
<td>Moderate</td>
<td>High</td>
<td>High</td>
<td>Extreme</td>
<td>Extreme</td>
</tr>
<tr>
<td>Likely</td>
<td>D</td>
<td>Moderate</td>
<td>Moderate</td>
<td>High</td>
<td>High</td>
<td>Extreme</td>
</tr>
<tr>
<td>Possible</td>
<td>C</td>
<td>Low</td>
<td>Moderate</td>
<td>Moderate</td>
<td>High</td>
<td>Extreme</td>
</tr>
<tr>
<td>Unlikely</td>
<td>B</td>
<td>Low</td>
<td>Moderate</td>
<td>High</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Rare</td>
<td>A</td>
<td>Low</td>
<td>Low</td>
<td>Moderate</td>
<td>Moderate</td>
<td>High</td>
</tr>
</tbody>
</table>

All risks with an initial rating of “Extreme” or “High” will require additional controls. Moderate and Low risks may be excluded from the implementation of additional controls at management’s discretion. However, the rationale for not implementing additional controls for these risks should be documented to demonstrate the completeness of evaluation undertaken. This should be documented in the ‘Additional Controls to be put in place’ column of the ‘Risk Assessment Template’ (Appendix B).

#### Documentation

The risk rating should be documented in the ‘Rating’ column of the ‘Risk Assessment Template’.

### 2.6 Step 6: Treat Risks (Risk Treatment)

The next step of the risk management process involves identifying a range of options for treating risks, evaluating the options and developing additional controls for implementation.

Selecting the most appropriate option involves balancing the costs of implementing each option against the benefits derived from it. It is important to consider all direct and indirect costs and benefits.

The objective is not to eliminate all risk but rather to ensure that the risk is maintained at a tolerable level in a cost effective manner.

It should also be recognised that the risk treatment itself may introduce new risks that need to be identified, assessed, treated and monitored.
Based on the additional controls put in place, Step 4: Analyse risks should be conducted again, to establish a revised Tolerable Risk Rating. The extent to which additional controls are required is determined by the level of tolerable risk with which Monash City Council is comfortable. This is demonstrated by the following:

```
*Acceptable level of risk, or at a level which cannot be removed / cost effectively controlled.
```

**Documentation**

Additional controls should be documented in the ‘Additional Controls to be put in place’ column of the ‘Risk Assessment Template’ in Appendix B. Steps 4 and 5 should then be repeated to evaluated the revised tolerable risk rating which can also be documented in the ‘Risk Assessment Template’.

Based on the revised tolerable risk rating, each additional control to be implemented should then be prioritized. This number rating (high, medium, low) can be recorded in the ‘Priority’ column of the ‘Risk Assessment Template’.

The following two columns of ‘Responsibility’ and ‘Timeframe’ should then be completed to indicate the staff member responsible for ensuring the additional controls are implemented in the specified timeframes. In this case, the timeframe should be documented as an end date (eg. 1 June 2010) rather than a timeframe (eg. 2 weeks).

### 2.7 Step 7: Monitoring and Review

Risk and opportunity management is a dynamic process. New risks and opportunities will be identified and some will be removed or will be no longer valid. The assessments of likelihood and consequence will need to be reviewed, particularly in the light of the management actions undertaken and contingency arrangements will need to be updated in response to changing internal and external events.

Key strategic/corporate risks and opportunities are kept under regular review by the Management team and Managers who also regularly review operational risks/opportunities in line with the planning and budget management frameworks. It is critical that regular monitoring and review is undertaken by each business unit of critical activities and projects.

Any risks rated ‘Extreme’ or ‘High’ should be monitored on a regular basis to ensure that the rating assigned, controls identified, and treatment plans established remain valid.
3 Roles and Responsibilities

Key responsibilities as they relate to risk and opportunity are:

Council will:
- Review and endorse Monash City Council’s Risk and Opportunity Management Policy
- Ensure a framework is in operation that delivers a consistent approach to Risk and Opportunity Management throughout Monash City Council.
- Review Audit and Risk Committee reports and monitor that effective risk management and controls have been implemented

Audit and Risk Committee will:
- Review reports from management, and the External Auditors
- High level review of Monash City Council’s risk management activities
- Review the risk profile of Monash City Council and ensure high level risk are suitably controlled and treated

The Chief Executive will:
- Implement the Risk and Opportunity Management Policy and Framework across Monash City Council
- Ensure appropriate resources & delegations are in place for staff to undertake risk management activities
- Ensure risk and opportunity management is embedded in to all critical functions and activities across Monash City Council

The Directors will:
- Promote the adoption of the Framework within their work areas
- Promote a proactive risk management culture in accordance with business risk management initiatives
- Monitor and lead the implementation of risk assessments appropriate to their work area in accordance with the framework and ensure that risks are identified and managed in their strategic planning, council planning and budget review process

Managers will:
- Ensure the adoption and operation of the Framework across their work areas
- Ensure that risks and opportunities are identified, assessed and managed in accordance with the process outlined in the Framework
- Promote a positive risk and opportunity management culture with their staff
- Ensure that significant projects and events within their jurisdiction are not approved without a formal risk assessment that effectively identifies and manages risks and opportunities with them.

All staff members are to:
- Understand and apply the Risk and Opportunity Management Policy, Framework and related procedures
- Actively contribute to the management of risks and opportunities within the scope of their work
- Report any risks identified to their manager or supervisor in a timely manner
- Undertake training (all areas above)

4 Risk and Opportunity Management Tools and References

4.1 General Risk Management

All standard risk assessments conducted on activities, functions or events of Monash City Council can be documented in the tools described in Section 2: Risk and Opportunity Management Process. The tools highlighted in the explanation of this process are as follows:
4.2 Council Planning, Budgeting and Operational Risk Review

The annual budget and council planning review process will provide comprehensive information on the key risks facing Monash City Council at a corporate level. The operational risk review undertaken at the business unit level should feed into this process. This review will be undertaken in conjunction with the Senior Management Team and will result in the identification of risks that are common across a number of business units.

4.3 Strategic, Service Delivery and Capital Projects

A risk assessment should be undertaken as part of any strategic, significant change to service delivery or capital project. Business units are required to identify and assess any risks as a result of significant changes/projects. These risks are to be included in any project management plans and any operational plans of the business units.

5 Risk Management Elements

Risk management is not just about the risk assessment process. There are many other areas that also incorporate risk management principles. These areas include, amongst others, Insurance, Emergency Management, Business Continuity Planning, and Occupational Health & Safety. For further guidance of risk management examples specific to Monash City Council, please refer to the Business and Opportunity Risk Model – Examples document.

5.1 Insurance

Insurance is a means of arranging funding for particular types of losses in return for paying a premium. This is just one way Monash City Council addresses the risk of possible lack of financial resources to pay for damage to property and other consequential costs.

Areas covered by insurance include public liability, professional indemnity, personal accident (to employees, elected members and volunteers), income protection, hirer’s liability, workers compensation, motor vehicles, and assets and buildings.

Audits conducted by MAV – LMI Insurance and Jardine Lloyd Thompson on behalf of the JLT Municipal Asset Protection Plan (JMAPP) are mechanisms the insurers use to establish what existing controls and practices are in place. These audits cover most areas of Monash City Council’s operations and specifically areas that have a level of civil liability exposure, or areas that require a formal risk management approach. Risk action plans are developed to respond and deal with any issues raised by the scheme.
5.2 Emergency Management

Municipal Emergency Management Plan

The Municipal Emergency Management Plan outlines Monash City Council’s involvement in and details the action plans and contingencies in place for dealing with community risk scenarios from an emergency through to a crisis to a declared disaster. This document identifies the possible hazards faced by the community in the City of Monash, and puts processes in place to address Monash City Council’s response mechanisms in the event of an incident.

Business Continuity Plan

In order to achieve Monash City Council’s strategic drivers, it has acknowledged the requirement to develop and implement a Business Continuity Plan. This plan is designed to manage risk by reducing the likelihood and the impact of a disruption or an event of failure and is developed to enable the resumption of critical business functions and support operations within Monash City Council. A Business Continuity Plan will also assist in maintaining the image and reputation by ensuring that Monash City Council can continue to deliver critical business services to the community during the period of an emergency situation/crisis.

5.3 Occupational Health & Safety

Occupational Health & Safety (OHS) is an element of risk management in that it addresses risks facing employees conducting their everyday activities. OH&S is the responsibility of the Human Resources Department and is not an area that is explained in detail for the purposes of the Risk and Opportunity Management Framework. For further information on OH&S practices within Monash City Council, please contact the Corporate OHS Coordinator.

OH&S risks are identified through the annual OHS risk review process which is an annual appraisal of Monash City Council’s performance. Risk action plans are developed from this annual review.

5.4 Job Safety Analysis (JSA) and Corporate OHSW Manual

The detailed job safety analysis and standard operating procedures developed by the City of Monash Monash City Council uses similar principles and practices to what has been described in the Risk and Opportunity Management framework. It is encouraged that the JSA, hazard management procedures and subsequent risk analysis and control planning is incorporated in to the risk management practices of the business unit as they allow a mechanism for the identification of key risk and practices that may prevent the achievement of Monash City Council’s objectives. For further information, please refer to the Operating Procedure through the Corporate OHS Advisor.

5.5 Project Management

Monash City Council has detailed project management procedures and guidance that links to the Risk and Opportunity Management Framework. It is critical that this is inter-linked with good risk and opportunity management.
Appendix A – Risk Management Reference Sheet

Risk and Opportunity Management Defined

Risk and opportunity management describes the planned and systematic approach used to identify, evaluate and manage the whole range of business risks and opportunities facing Monash City Council.

Risk is inherent in all our activities and we need to be continuously managing risks using a formal systematic process of identifying, evaluating, treating, monitoring and communicating risks associated with any activity, function or process.

Risk and opportunity management does not mean that risks can be prevented or avoided completely. Rather it enables Monash City Council to reduce the impact of risk to an acceptable level, be informed with our decision making, and to make contingency arrangements. For further information, please refer to the Risk and Opportunity Management Framework.

So what is a risk?

Anything that can prevent Monash City Council from achieving its objectives.

The level of risk relates to the likelihood of something happening (ie its frequency or probability) and the potential consequences (ie its impact or magnitude of effect). The level of risk is influenced by any controls, or measures, currently in place to minimise the likelihood of the occurrence or its consequences.

Risk Impact Matrix

Risk is measured in terms of consequence and likelihood.
<table>
<thead>
<tr>
<th>Consequence</th>
<th>Likelihood</th>
<th>Almost Certain</th>
<th>Likely</th>
<th>Possible</th>
<th>Unlikely</th>
<th>Rare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insignificant</td>
<td>E Moderate</td>
<td>D Moderate</td>
<td>C Low</td>
<td>B Low</td>
<td>A Low</td>
<td></td>
</tr>
<tr>
<td>Minor</td>
<td>1 High</td>
<td>2 Moderate</td>
<td>3 High</td>
<td>4 High</td>
<td>5 High</td>
<td></td>
</tr>
<tr>
<td>Moderate</td>
<td>1 High</td>
<td>2 High</td>
<td>3 Moderate</td>
<td>4 High</td>
<td>5 High</td>
<td></td>
</tr>
<tr>
<td>Major</td>
<td>1 Extreme</td>
<td>2 Extreme</td>
<td>3 Extreme</td>
<td>4 Extreme</td>
<td>5 Extreme</td>
<td></td>
</tr>
<tr>
<td>Catastrophic</td>
<td>1 Extreme</td>
<td>2 Extreme</td>
<td>3 Extreme</td>
<td>4 Extreme</td>
<td>5 Extreme</td>
<td></td>
</tr>
</tbody>
</table>
Likelihood

The level of possibility that the City of Monash Monash City Council could be exposed to risk.

<table>
<thead>
<tr>
<th>Likelihood Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>E. Almost Certain</td>
<td>Has a 90% chance of occurring in a given year</td>
</tr>
<tr>
<td>D. Likely</td>
<td>Has a greater than 50:50 chance of occurring in a given year</td>
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</tr>
<tr>
<td>B. Unlikely</td>
<td>About a 1:10 chance of occurring in a given year</td>
</tr>
<tr>
<td>A. Rare</td>
<td>May occur only in exceptional circumstances</td>
</tr>
</tbody>
</table>

Risk Assessment Template and Process

The risk assessment template contained in Appendix B is to be used to document risk and the controls to be put in place to manage the risks to a tolerable level. The key focus of the risk assessment template is to focus on the key actions and timeframes that are allocated to manage the risk to an acceptable level for Monash City Council. A focus on the high and extreme risks allows for the actions to be directed towards the areas that require the most urgent attention.

Monitoring

The risks identified utilising the risk assessment review template need to be updated on a regular basis. The assessments of likelihood and consequence will need to be reviewed, particularly in the light of the management actions undertaken and contingency arrangements will need to be updated in response to changing internal and external events. This should be undertaken as part of the regular review of council planning and projects undertaken within Monash City Council.
Appendix B – Risk Assessment Template – Provided to capture risk assessments undertaken across the City of Monash

Risk Assessment
[Business Line / Activity]

Created By: 
Date Created: 

Please refer to the Risk Management Reference Sheet (Appendix A) for further information in relation to Risk Ratings

<table>
<thead>
<tr>
<th>Ref</th>
<th>Risk Description</th>
<th>Existing Controls in place</th>
<th>Consequence Likelihood</th>
<th>Residual Risk Rating</th>
<th>Control Effectiveness Rating</th>
<th>Additional Controls to be put in place (For extreme or high risks)</th>
<th>Revised Tolerable Risk Rating</th>
<th>Control Effectiveness Rating</th>
<th>Priority</th>
<th>Responsibility</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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### Appendix C – Consequence Table

<table>
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<tr>
<th>Impact Scale</th>
<th>Reputation &amp; Public Image</th>
<th>Financial/ Business Impact</th>
<th>Public/Staff Safety/OHS</th>
<th>Legal/Regulatory</th>
<th>Environment</th>
</tr>
</thead>
</table>
| 1. Insignificant | ▪ No adverse effect on public image  
▪ Insignificant level of community concern  
▪ Negligible adverse impact upon social health and well being of the community which has little or no impact upon established community relationships and links | ▪ Low financial loss – impact of less than $100k  
▪ Small delays in undertaking routine needs or tasks for ½ day. | ▪ No injuries or no significant injuries  
▪ Negligible loss or damage to property / infrastructure | ▪ Minor encroachment on legislation/standard | ▪ “Nuisance” category under the Environment Protection Act 1970 met  
▪ Contamination – on-site release immediately contained |
| 2. Minor | ▪ Minor adverse effect on public image  
▪ Minor level of community concern  
▪ Minor adverse impact upon social health & well being of the community that may have a minor impact upon established community relationships & links. | ▪ Medium financial loss – impact of between $100k and $250k  
▪ Minor impact in undertaking routine needs or tasks for 1 day | ▪ First aid treatment required resulting in lost time (> 1 day)  
▪ Minor loss or infrastructure damage | ▪ Minor legal, regulatory or internal policy failure | ▪ “Nuisance” category under Environment Protection Act met |
| 3. Moderate | ▪ Moderate adverse effect on public image  
▪ Moderate level of community concern  
▪ Social health and well being of the community affected by moderately reduced opportunities for participation in community life and/or decision making, | ▪ High financial loss – impact of between $250,000 and $2 million  
▪ Capability / production impaired, moderate impact on stakeholders & routine needs or tasks for 1 – 3 days.  
▪ Minor legal issues, non compliances and breaches of regulation | ▪ Medical treatment/ hospitalisation required  
▪ Moderate loss/or infrastructure damage | ▪ Moderate legal, regulatory or internal policy failure | ▪ “Material” category under the Environment Protection Act met  
▪ Contamination – on-site release contained with outside assistance |
<table>
<thead>
<tr>
<th>4. Major</th>
<th>5. Catastrophic</th>
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</table>
| • Major adverse effect on public image  
  • Significant level of community concern  
  • Social health and well being of the community seriously affected by major community unrest and/or significant breakdown of established community relationships and links. | • Huge effect on public image  
  • Community outrage  
  • Social health & well being of the community hugely affected by major community unrest and/or significant breakdown of established community relationships & links. |
| • Major financial loss - impact of between $2 million and $5 million  
  • Loss of capability, disruption to production, major impact on stakeholders & routine needs or tasks for 3 – 5 days.  
  • Serious breach of regulation with investigation or report to authority with prosecution and/or moderate fine possible | • Huge financial loss/exposure – impact greater than $5 million  
  • Projects & programs failure, inability to meet minimum acceptable standards, most objectives not met  
  • Major breaches of regulation, major litigation |
| • Serious & extensive injuries requiring hospitalisation/rehabilitation  
  • Serious structural damage to infrastructure or serious loss of assets | • Fatality of a member of staff or public  
  • Critical loss, irreversible damage property / infrastructure |
| • Major legal, regulatory or internal policy failure | • Critical legal, regulatory or internal policy failure |
| • “Serious” category under the Environment Protection Act  met  
  • Contamination – off-site release with no detrimental effects | • “Serious” category under the Environment Protection Act  met  
  • Toxic release off-site with detrimental effect |