



Hawkesbury City Council

attachment 1
to
item 199

InConsult Pty Ltd Report on the
Review of Council's Third Party
Relationship with Hawkesbury River
County Council

date of meeting: 13 October 2020
location: by audio-visual link
time: 6:30 p.m.

HAWKESBURY CITY COUNCIL

HAWKESBURY RIVER COUNTY COUNCIL RELATIONSHIP

Prepared for: Charles McElroy, Manager Corporate Services and Governance
Prepared by: Cameron Parsons, Senior Consultant
Report date: 4 September 2020
Email: cameronp@inconsult.com.au
Mobile: 0417 670 959



Table of Contents

1. Introduction	3
2. Review Scope and Activities	4
3. Findings and Recommendations.....	5
3.1 Service and contribution agreement	6
3.2 Governance.....	8
3.3 Risk Management Framework.....	10
3.4 Business Continuity Planning.....	12
3.5 Transparency and Engagement	13
3.6 Environmental Compliance	15
4. Conclusion	16
Appendix A – SAMPLE RISK MANAGEMENT POLICY	17
Appendix B – SAMPLE RISK MANAGEMENT PLAN	18
Appendix C – SAMPLE RISK REGISTER FORMAT	19

Disclaimer:

We have performed this review to assist the Hawkesbury City Council in assessing the adequacy of its approach to managing its relationship with Hawkesbury River County Council. Our review was limited primarily to reviewing documents provided to us and discussing governance and risk management issues with senior management and key personnel. It was not designed to detect all weaknesses nor all instances of non-adherence to legislation, regulations and documented policies and procedures. Our review was not an audit. Accordingly, we have prepared our report based on factual findings. Our procedures did not provide all the evidence that would be required in an audit, and accordingly, we do not express an audit opinion.

This report is prepared solely for Hawkesbury City Council and should not be used for any other purpose or provided to, used by or relied upon by any other party other than Hawkesbury City Council without our prior written consent.

1. INTRODUCTION

Hawkesbury City Council (Council) has relationships with a number 3rd parties for delivery of services to the community. Council understands the importance of managing risk across many of its activities.

Following a series of risk workshops across Council which identified a number of risks relating to 3rd parties, Council requested assistance in facilitating a review of corporate governance and oversight of a range of 3rd parties who manage Council assets and / or provide services on behalf of Council.

Council approached InConsult to assist with a review of the relationship with Hawkesbury River County Council (HRCC) to whom Council provides funding to control weeds within the Local Government Areas of Hawkesbury City Council, Blacktown City Council, Hills Shire Council and Penrith City Council. This is the second 3rd party review conducted by InConsult.

HRCC is single purpose county council established in 1948 under the Local Government Act 1909 by ministerial proclamation for the purpose of managing aquatic weeds. This was later extended to noxious weeds in the local government area of the constituent councils. The Biosecurity Act 2015 has updated the powers and outlines functions of a local control authority in relation to biosecurity risk posed by weeds.

HRCC is a small organisation comprising 10 staff and a budget of \$1.7m. The current General Manager has led the organisation for the last 10 years. Almost 50% of HRCC revenue is obtained through grant funding with the balance being contributions from the four constituent councils. Council provides a financial contribution to HRCC for this purpose and 2 councillors have been appointed as members of HRCC.

Any failure to mitigate risk or other issues or incidents in relation to management or delivery of weed services by HRCC may have reputational, legal financial or environmental consequences for Council and / or the wider community.

2. REVIEW SCOPE AND ACTIVITIES

This report details the outcome of a review undertaken by InConsult Pty Ltd of HRCC's governance and risk management framework and the degree of reporting or oversight by Council.

In order to conduct the review and evaluation of Council's approach to managing the relationship with HRCC, we undertook the following activities.

- Identified and reviewed relevant Council governance and oversight standards (e.g. delegations, fraud, business continuity, procurement, code of conduct, conflicts of interest, business ethics)
- Reviewed applicable governance instruments (e.g. committee charters, delegations, terms of reference), legal structure (constitution) and service standards (e.g. legal contract, SLA, grant agreement).
- Met with Peter Conroy, General Manager, Charles McElroy, Manager Corporate Services and Governance and Sean Perry, Manager Parks and Recreation, Hawkesbury City Council to discuss engagement with HRCC and associated risks that have the potential to impact on Council in terms of Environment, Finance, Operations and Reputation.
- Reviewed comparative information provided by Hawkesbury City Council Finance Branch.
- Met with the Council's representatives on HRCC, Councillor Nathan Zamprogno and Councillor Amanda Kotlash to discuss governance, risk management and reporting arrangements and associated issues and challenges.
- Met with Chris Dewhurst, General Manager, HRCC to confirm activities and governance arrangements, discuss issues and challenges, risks, opportunities etc. that have the potential to impact on Council in terms of Health and Safety, Environment, Finance, Operations and Reputation.
- Identified key elements of better practice relevant to HRCC and evaluated the application of Council's governance and oversight.
- Conducted a compliance audit of HRCC compliance to relevant governance instruments and financial requirements. We considered:
 - Governance – Constitution, Charter, Delegations, Operating Procedures etc.
 - Risk Management
 - Business Continuity
 - Privacy and Confidentiality
 - Transparency and reporting
 - Application of Council policies such as Code of Conduct, Procurement Policy
 - Financial - establishment and execution of plans, compliance with reporting obligations, funding from constitute councils, expenditure and financial reserves.

3. FINDINGS AND RECOMMENDATIONS




In conducting the review, we examined the documentation provided, conducted interviews and examined whether the governance and risk management framework of HRCC was reasonable and provided appropriate assurance to Hawkesbury City Council in relation to the risks to Council's reputation, environmental and financial position.

Our review also considered a range of sources of better practices in assessing governance and risk management:

- Office of Local Government Guidelines
- Promoting Better Practice (PBP) Checklist
- PBP Supplementary Checklist – Review of Collaborative Arrangements
- Governance Health Check Guide to Good Governance in Local Government (ICAC / LGMA)
- CivicRisk Mutual (Council's insurer) Continuous Risk Improvement Program Audit Tool

In conducting the review of HRCC, an assessment was made against better practice and the results documented in the 3rd Party Questionnaire. It should be noted however that some better practices may not be appropriate for the size and business model of the organisation and there may be alternate methods of meeting the objective of the criteria.

For each recommendation, we have utilised the following priority rating criteria to guide management in the implementation of our recommendations.

-  High Priority. Most important in enabling effective management of risk
-  Medium Priority. Important to enhance management of risk
-  Low Priority. Important consideration to enhance efficiency and / or effectiveness

3.1 Service and contribution agreement

Priority: **Low**

Observations & implications

A proclamation under the Local Government Act 1909 by the Minister in 1948 appointed HRCC as the local control authority for weeds in the Council local government area. The Biosecurity Act 2015 (previously the Noxious Weeds Act 1993) also delegates powers and outlines functions of a local control authority. These are:

- (a) the prevention, elimination, minimisation and management of the biosecurity risk posed or likely to be posed by weeds,
- (b) to develop, implement, co-ordinate and review weed control programs,
- (c) to inspect land in connection with its weed control functions,
- (d) to keep records about the exercise of the local control authority's functions,
- (e) to report to the Secretary about the exercise of the local control authority's functions.

Council is obligated to participate as a member of HRCC under the Local Government Act 1993 (the Act). Council could make a proposal to the minister to dissolve HRCC or amend the constitution of HRCC under s383 of the Act. In which case, Council would become the local control authority.

Council (or its predecessors) has been providing a contribution to funding of HRCC since its proclamation. There is no agreement governing the relationship with constituent councils. Currently funding is split equally between the four constituent councils irrespective of the size, area or level of services provided.

The previous Act prior to changes in 1993 included a compulsory levy based on the proportion of unimproved capital value of rateable land in each constituent council to the whole.

There is an argument that Council benefits disproportionately from the current funding arrangement due to the length of the river in its LGA and cost of managing aquatic weeds.

The current Act states that regulations may make provision for or with respect to the making of financial contributions to a county council by the constituent councils, including the following--

- the purposes for which contributions may be made
- the circumstances in which contributions may be required
- the assessment of contributions
- the payment of contributions
- the recovery of contributions.

Regulations have not been introduced in relation to financial contributions by constituent councils therefore there is no mandated formula for assessment of contributions, and it appears that contributions by constituent councils are not compulsory.

HRCC is required to develop a Business Activity Strategic Plan (which is equivalent of Council's Community Strategic Plan) by consulting with constituent councils and annual Delivery / Operational Plan. The agreed outcomes and any support provided by Council could be included in a service level agreement.

Implication

As there is no agreed basis for determining the level of contribution the arrangements are open to dispute if any council is not satisfied with the level of services provided.

A withdrawal of funding by any constituent council does not remove the obligation for the provision of services which would result in HRCC not meeting its business activity service plan. The community may not appreciate a distinction between Council and HRCC which may result in reputational damage.

Documentation of funding arrangements in a service level agreement would clarify expectations and provided greater certainty to all parties.

Better Practice Recommendations

1. Council to partner the HRCC and other Councils in the regular review of the Business Activity Plan and Delivery Program.
2. In the context of the Business Activity Plan and Delivery program, Council to work with the HRCC to develop a service agreement for each financial year which documents matters such as:
 - the scope of the arrangement and services to be supplied;
 - commencement and end dates;
 - review provisions;
 - contribution and fee structure (e.g. amount, frequency, invoicing, credit terms);
 - service levels and performance requirements (e.g. consider content, frequency, format, timelines, benchmarks);
 - reporting to ensure satisfied with delivery of services is in line with funding agreement.
 - dispute resolution arrangements (e.g. conciliation and arbitration process);

3.2 Governance

Priority: **Medium**

Observations & implication

The governance framework of HRCC is derived from the Local Government Act 1993 (the Act), Biosecurity Act 2015 and Office of Local Government Guidelines.

Despite its small size HRCC has most of the same legal and regulatory obligations as a full-service council. For example; integrated planning and reporting obligations. HRCC however does not have the resources to develop or maintain a robust governance framework and supporting policies and procedures.

HRCC has therefore taken a risk-based approach to compliance. For example, after considering the costs involved HRCC decided not to webcast council meetings or the publish council meeting agenda and minutes on its website.

Good governance would suggest that HRCC should have number of policies and procedures covering:

- Risk management
- Business continuity management
- Privacy
- Delegations
- Fraud control
- Compliance and enforcement

There are number of guidelines issued under s23A of the Act which HRCC is required to take into consideration before exercising its functions. These include:

- Guidelines for Appointment and Oversight of General Managers
- Tendering Guidelines
- Internal Audit Guidelines (Sept 2010)
- Councillor Induction and Professional Development Guidelines

It is a requirement of the:

- Act (s402-406) for all councils to comply with the integrated planning and reporting guidelines by having a Community Strategic Plan (Business Activity Strategic Plan), Delivery Plan, Operational Plan, and Resourcing Strategy (including long-term financial plan, workforce management plan and asset management plans)
- Act (s345) for councils to have an Equal Opportunity Management Plan
- Privacy and Personal Information Protection Act for councils to have a Privacy Management Plan.
- Government Information (Public Access) Act 2009 (s20) for councils to have a GIPA Information Guide.

HRCC has in place a 10-year Business Activity Strategic Plan and annual Delivery and Operational Plan. HRCC does not have a Resourcing Strategy including asset management, workforce management and financial management plan.

HRCC has determined that the guidelines, plans, policies and procedures noted above are not appropriate at this time due to the size of the organisation. This decision does not appear to have been formally documented.

Where HRCC does have policies, these are maintained and are generally reviewed regularly. Whilst we were advised that policies are reviewed every 2 years, some polices have not been updated since 2017. Maintaining

currency of policies is challenging however it is essential to ensure adequacy, appropriateness and effectiveness as out-of-date documents may result in incorrect actions or undermines commitment to complying. This is a challenge for many councils and we have been made aware that there are issues associated with how and when Hawkesbury City Council updates its policies.

As is common with other smaller organisations, HRCC does not have extensive documentation of operational procedures and the quality of documentation varies.

Implication

Strong policy governance is essential to the effective management of risk and ensure compliance. However, a balance is required to ensure efficient and effective compliance rather than a tick-a-box compliance culture.

Failure to document policies and operational procedures may result in the loss of important corporate knowledge upon departure of staff. In addition, it can lead to activities not been conducted in a timely, consistent and repeatable manner and risks not being appropriately mitigated.

Better Practice Recommendations

3. HRCC should periodically review its policy governance and formally consider whether appropriate policies and procedures would better support the culture of the organisation and enhance effectiveness.

This may involve benchmarking against similar county councils as to appropriate policies for councils of a similar size or nature.

4. HRCC should consider seeking support from constituent councils to assist in developing new or enhancing current systems, policies and procedures.
5. HRCC should document any decision not to meet requirements, follow guidelines under s23A or implement a policy and arrange for approval of that decision by the governing body. This should be presented for approval after each local government election.

3.3 Risk Management Framework

Priority: High	
Observations & implication	Better Practice Recommendations
<p>The Local Government Act requires all councils to appropriately manage risk. Risks may expose councils to a range of potential consequences:</p> <ul style="list-style-type: none"> ▪ Health and Safety ▪ Compliance ▪ Financial ▪ Environmental ▪ Operational ▪ Reputational <p>All of these risks appear to be of relevance to the day to day operations of the HRCC, given their use of chemicals and equipment (on public and private land) that can be harmful if not appropriately used and managed.</p> <p>The Internal Audit Guidelines (Sept 2010) encourages all councils to have a structured risk management framework in place to identify any known and emerging risk they face and implement controls to manage these risks.</p> <p>Section 8b of the Act states councils should have sound policies and process for risk management practices. It appears that HRCC does not currently have a formal risk management framework including: risk management policy, risk management plan, risk register and risk reporting.</p> <p>HRCC does have a Work Health and Safety Policy and discussions indicated there is a strong focus on safety, including ensuring all staff are trained on safe work method statements and staff are involved in their review. There is no recent history of operational incidents.</p> <p>HRCC does not have a risk management function to facilitate the risk management process nor review and challenge assessment of risk. Furthermore, HRCC does not have an internal audit function to provide independent reports to the Council on its operation and delivery of services.</p> <p>In 2016, the NSW Government made it a requirement under the Act that each council have an Audit, Risk and Improvement Committee in place. This requirement is likely to take effect from March 2021.</p> <p>The Discussion Paper – A New Risk Management and Internal Audit Framework for Local Councils in NSW outlines the regulatory framework that will support the operation of an Audit, Risk and Improvement Committee, and the establishment of a risk management and internal audit function in each council.</p> <p>Implication A failure to have a structured approach to ensure the consistent management of risk may result in operational and strategic risks not being identified and managed appropriately.</p> <p>There is no financial penalty and limited reputational risk for not meeting the compliance requirements however failure to manage non-WHS risks may result in operational incidents, reputational damage and increased insurance premiums and/or exposure to claims for damages.</p>	

Without a strategic audit program, there may be limited understanding of control weaknesses and gaps against standards may not be identified. These are necessary to guide the prioritisation of improvements and enhancements to the management of risk.

The introduction of these requirements may be challenging, and care needs to be taken to ensure appropriate for the size of the organisation. The cost of meeting these requirements should be factored into forward planning.

Better Practice Recommendations

6. HRCC should consider developing a risk management policy / plan which includes a structured approach to assessing risks and controls and then ensure they are documented in a risk register. This would enable HRCC to provide greater assurance to members and constituent councils as to how HRCC is managing its risks. Refer to Appendices for examples of structure that could be adopted.
7. HRCC should ensure that an Audit, Risk and Improvement Committee is implemented prior to March 2021 and implement requirements in accordance with the new risk management and internal audit framework.
8. HRCC should consider seeking support from constituent councils to assist in addressing these matters.

3.4 Business Continuity Planning

Priority: **Medium**

Observations & implications

HRCC has recently developed a pandemic response policy which contains some useful information in current circumstances. However, it does not provide guidance in relation to other potential disruptions scenarios.

HRCC does not have in place a business continuity plan that has been developed based on a business impact analysis which identifies key activities, recovery objectives, required resources and provides a structure for responding to a disruption and communicating to stakeholders.

Discussions indicate that many of the HRCC functions and activities may not be critical in the short-term (<30 days) and therefore may be excluded from detailed business continuity planning. Business Impact Analysis has however not been conducted to confirm which activities may be excluded. Some functions such as payroll may be critical.

A simple business continuity plan may be appropriate to document the recovery strategy for the organisation and steps to resume the key activities for a range of disruption scenarios including: loss of staff, IT, specialised equipment or premises. This may include how HRCC will communicate to and call on assistance from constituent councils or other councils in its network.

Implication

The Business Impact Analysis is the foundation for business continuity planning. Without a current Business Impact Analysis to identify key activities and associated dependencies upon IT systems, workplace and staffing, equipment there may be an over or under investment in recovery capabilities.

The best business continuity plan is the one that works for the organisation. A business continuity plan helps provide a clear and structured approach to assist the Crisis Management Team in prompt decision making during a major disruption. Where there are errors, omissions or inconsistencies in documentation, unnecessary confusion and delays during a crisis event are possible.

Any limitations in understanding the BCP and recovery capabilities reduce the effectiveness of managing the response to a disruption.

Better Practice Recommendations

9. HRCC should conduct a periodic review of Business Impact Analysis for all functions to ensure that HRCC identifies key activities and determines recovery objectives with reference to HRCC's risk appetite.
10. HRCC should develop a simple BCP for key activities that are required to be recovered within 30 days and ensure that the plan is exercised on a periodic basis.
11. HRCC should consider working with constituent councils on business continuity planning. This could involve support for the enhancement of recovery capabilities and development of mutual support agreements with constituent councils and / or other organisations.

3.5 Transparency and Engagement

Priority:	Medium
Observations & implications	
<p>Prior to the Biosecurity Act 2015, HRCC operations were guided by the Noxious Weeds Act 1993 and the noxious weeds prescribed under that act. The Biosecurity Act 2015 introduced a more “risk based” approach to the identification of problem plants.</p> <p>Discussion with a number of stakeholders indicated that post the introduction of the Biosecurity Act 2015 that there is not a clear understanding of the demarcation between the role of HRCC and that of the constituent councils.</p> <p>Discussion indicates that there is limited understanding and transparency in relation to HRCC budgeting and planning processes and any potential overlap with constituent councils.</p> <p>There have been meetings between the General Manager and the General Managers of constituent councils, however these appear to have sporadic in recent times. The HRCC General Manager convenes HRCC Management Network meetings with operational managers from constituent councils These are generally only held every 6 months.</p> <p>The integrated planning and reporting framework has not been fully implemented. The HRCC does not have a long-term financial plan, a workforce plan or an asset management plan.</p> <p>The Business Activity Strategic Plan reflects the Community Strategic Plans of constituent councils. There is limited consultation on the alignment of delivery program and operational plans between HRCC and constituent councils. The draft HRCC operational plan is shared with operational managers from constituent councils.</p> <p>Concerns were raised that whilst there should be economies of scale from investment in specialised equipment there does not appear to be any comparable data available that provides assurance that HRCC is operating efficiently in carrying out its core weed management activities or coping with the administrative burden that is required of a council.</p> <p>There is no internal audit function to provide such assurance. As a county council there is no benchmarking available to assess whether the HRCC is providing value for money in delivering services.</p> <p>There is limited reporting on the operation of HRCC to constituent councils apart from the annual report. The financial reporting does not provide breakdown in terms of cost of weed management by weed type (terrestrial vs. aquatic), activity (inspection, treatment or education), administrative expenses and other overheads or by local government area.</p> <p>Where there is operational reporting to funding bodies this does not appear to be shared with constituent councils.</p>	
<p>Implication</p> <p>Failure to ensure understanding of the role of HRCC may lead to a lack of buy-in or commitment to financial or operational support which could reduce efficiency of service to the community.</p>	

A structured process for more detailed reports against agreed benchmarks to constituent councils would enhance openness and transparency, enable effective monitoring and increase confidence in HRCC's ability to deliver agreed services.

Better Practice Recommendations

12. HRCC should consider the initiation of a program to move towards the progressive full implementation of the integrated planning and reporting framework, commencing with the development of a long-term financial plan, before moving on to a workforce plan and a asset management plan.
13. HRCC should provide a copy of the recently published Weeds and Biosecurity Act – A handbook for local councils and councillors in NSW (April 2020) to councillors and constituent councils.
14. HRCC should provide a regular briefing to management and councillors of the constituent councils on the role of HRCC and the constituent councils and joint efforts in supporting the community.
15. HRCC should consult separately with its elected body and with the management of its constituent councils on enhanced engagement and desired management reporting. This would include the grant return reporting and effective level of accurate cost / benefit feedback referred to in the Operational Plan.
16. HRCC should consult separately and more regularly with its constituent councils as part of both the development of the annual budget, operational plan and associated programs of actions together with the related reporting regarding progress against these documents
17. HRCC should consider calling on constituent councils to help in enhancing the efficiency and effectiveness of governance and administration functions. This may be in developing appropriate policies or procedures, conducting efficiency reviews, seconding staff or leveraging purchasing power or relationships with suppliers or developing reporting processes.

This may also involve working with constituent councils to address recommendations outlined in this report.
18. HRCC should consider benchmarking both financial performance and policy governance against other county councils that are also single purpose local control authority for weeds.
19. HRCC should provide a six-monthly report to constituent Councils demonstrating adherence to any programs, agreed performance targets, compliance requirements and weed management standards and/or results of any audit or review.

3.6 Environmental Compliance

Priority: **Medium**

Observations & implications

HRCC stores chemicals at its depot and has in place a Safe Work Method Statement that covers chemical handling and spills and mixing and decanting in the confines of its depot. HRCC complies with the Pesticides Act 1999 to provide notice on use of pesticides and does not have an Environment Protection Licence.

Previously HRCC held a licence which was issued for the purposes of applying pesticides for weed removal in or near waterways in accordance with the label as required by the Pesticides Act 1999. The licence was surrendered in September 2011.

Another county council advises that it holds an Environment Protection Licence under the Protection of the Environment Operations Act 1997 for the application of herbicides to the waterways of its area of operation. The licence contains conditions which aim to minimise the environmental impacts of herbicide application, prevent water pollution and ensure the implementation of best practice weed management. This also requires licensees to prepare a Pollution Incident Response Management Plan.

HRCC is not able to recall the rationale for surrendering its Environment Protection Licence and it undertakes similar functions to other county councils that maintain a licence.

Implication

An Environment Protection Licence may be required to ensure that risks relating to use of chemicals are managed appropriately. Any failure to manage these risks may have impacts on the environment and the health and safety of the community.

If there was an incident and HRCC were required to have a licence and a Pollution Incident Response Management Plan and did not, then there may be failure to mitigate environmental damage as well as financial penalties and damage to the reputation of HRCC. This would also impact on reputation of constituent councils and particularly Hawkesbury City Council given the similarity in name.

Better Practice Recommendations

20. HRCC should obtain legal advice as to the requirements in relation to their management of terrestrial and aquatic weeds and handling and storage of chemicals. This should include whether an Environment Protection Licence is required.

4. CONCLUSION

The report notes the need for a greater level of engagement by HRCC with constituent councils to explore opportunities for increased cooperation and support, ensure greater clarity of expectations, increase transparency in relation to how services are being delivered and enhance understanding of how risks are being managed,

Overall, we make 20 recommendations. Many of these relate to improving the relationship between constituent councils and HRCC by enhancing transparency and engagement and constituent councils providing assistance to enhance governance. These recommendations are reliant on HRCC to agree to the review of current practices.

It is recognised that implementation of some recommendations will be relatively straightforward whilst others will require more detailed consideration. Accordingly, we have divided the recommendations into three categories based on our view of their complexity and urgency: high, medium and low. Ultimately it will be a matter for management to determine the timeframe and priority of each recommendation.



Tony Harb, BBus, CA, MBA, MIAA
Director
InConsult



Cameron Parsons, ADFS(RM), CIP
Senior Consultant
InConsult

APPENDIX A – SAMPLE RISK MANAGEMENT POLICY

Table of Contents

Controlled Document Information.....	3
Authorisation Details	3
Related Document Information, Standards & References	3
1. Purpose	5
2. Scope	5
3. Definition of terms.....	5
4. Policy Statement.....	6
5. Approach and Methodology.....	6
6. Enterprise Risk Management Framework	6
7. Embedding risk management.....	7
8. Responsibilities.....	7

APPENDIX B – SAMPLE RISK MANAGEMENT PLAN

Table of Contents

Controlled Document Information.....	3
1. Introduction.....	5
1.1 ERM Strategy & Framework.....	5
1.2 Key objective	5
1.3 Scope & Application	5
1.4 Risk Management Framework.....	5
2. Risk Appetite	6
3. Risk Governance	6
3.1 Three lines of defence.....	6
3.2 Other Policies & Frameworks	7
4. Roles & Responsibilities.....	8
5. Risk Culture	10
6. Risk Categories	11
6.1 Strategic risks	11
6.2 Operational risks.....	12
6.3 Financial risks.....	12
7. Core Risk Management Processes.....	12
7.1 Identify, Analyse and Evaluation	12
7.2 Risk Treatment.....	15
7.3 Incident Management.....	16
7.4 Monitoring.....	16
7.5 Communicate, Report & Escalate	17
7.6 Continues Improvement.....	18
8. Appendices.....	19
Appendix A – Risk Appetite Statement (Confidential).....	19
Appendix B – Likelihood Rating Table	20
8.1 Appendix C – Consequence Rating Table	21
8.2 Appendix D – Risk Level Rating Table	22
8.3 Appendix E – Control Effectiveness Rating Table.....	22
8.4 Appendix F – Risk Management Activities	23

APPENDIX C – SAMPLE RISK REGISTER FORMAT

STEP 1: RISK IDENTIFICATION & ANALYSIS					STEP 2: RISK EVALUATION							STEP 3: RISK TREATMENT		
#	Business Unit	Risk Owner	Risk Description	Causes or sources of risk	RISK ASSESSMENT - INHERENT			RISK MITIGATION	RISK ASSESSMENT - RESIDUAL			DEVELOP RISK TREATMENT PLAN		
					Likelihood	Consequence	Rating	Current Controls	Likelihood	Consequence	Rating	Action / Task	Owner	Due Date
1	Office of General Manager	General Manager	Poor risk management practices leading to financial loss, operational impact and reputational damage	Inadequacy design or implementation of risk management framework	Likely	Major	Substantial	Risk Management Policy Risk Management Plan Risk Appetite Statement RMF Benchmarking by Internal Audit or External Expert Audit, Risk & Improvement Committee	Unlikely	Moderate	Minor			
2	Weed Management	Operations Manager	Unsafe work practices leading to injury to staff or public	Unmitigated hazards (equipment failure, weeds, chemicals, dogs, snakes), human error	Almost Certain	Severe	Severe	WHS Risk Assessments Safe Work Method Statements Personal Protection Equipment Staff Training Toolbox Talks, Equipment maintenance	Unlikely	Moderate	Minor	Review SWMS at next staff meeting	Operations Manager	22 Aug 20
3	Finance	General Manager	Purchasing fraud (kick-back, bribery) leading to financial loss and reputational damage	motive, opportunity, justification	Likely	Severe	Severe	Delegations Managerial approval Gifts and Benefit Policy Conflict of Interest Policy Purchasing Policy Fidelity Insurance Code of Conduct Segregation of duties	Possible	Moderate	Moderate	Conduct Fraud Health Check using NSW Audit Office Fraud Control Improvement Kit	General Manager	30 Jun 21