



Enterprise Risk Management Framework

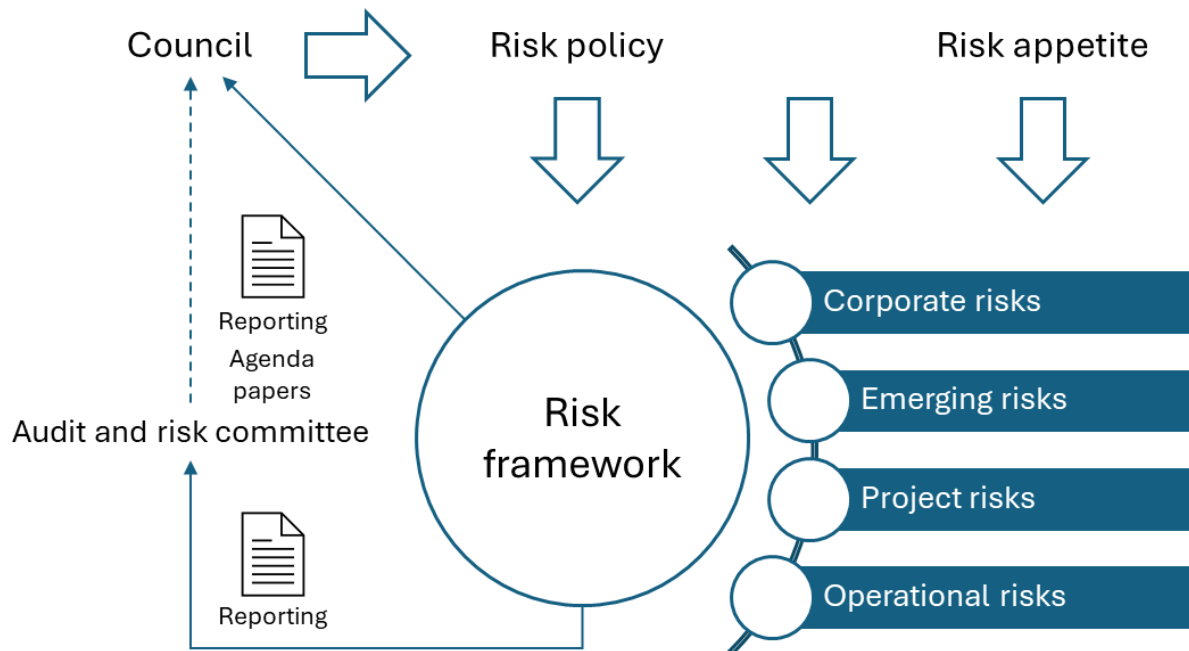
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1. Purpose

The purpose of this document is to provide an overview of Council’s risk management framework including how it is applied throughout the organisation.

In developing the framework, Council has incorporated the principles contained in ISO 31000:2018 Risk Management. This Risk Management Framework outlines our approach to identifying, assessing and managing risks across all Council operations, ensuring alignment with ISO Standards for Safety (ISO 45001), Quality (ISO 9001) and Environmental Management (ISO 14001). Figure 1 provides a summary of the key elements of the framework.

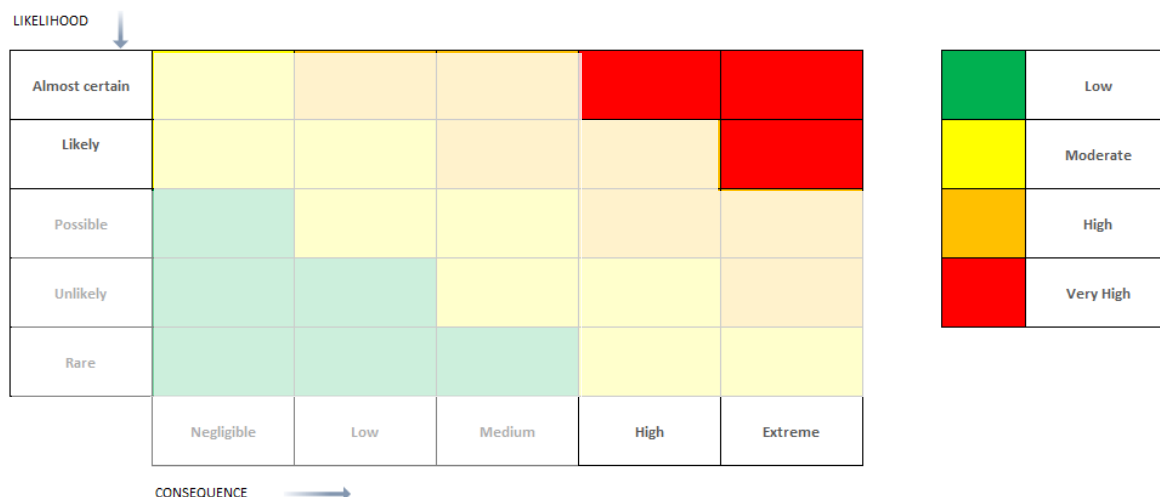
FIGURE 1 – BRC’S RISK FRAMEWORK



2. Risk Appetite

Council has defined its risk appetite as not wanting to pursue or retain any risks that have a residual risk rating of very high. Figure 2 highlights the likelihood and consequence combinations in the risk matrix that would result in a risk rating of very high.

FIGURE 2 – BRC’S RISK APPETITE



In the event a risk is assessed with a residual risk rating of very high, management will deploy additional mitigations or treatment measures to bring the risk within Council's risk appetite. Further details on Council's risk assessment process, including the determination of risk ratings can be found in Council's corporate risk register.

3. Types of Risk

3.1 Corporate Risks

Council's corporate risks reflect those risks that may impact that ability of council to achieve its key organisational goals and objectives.

Council's corporate risk register was last updated and endorsed by council on 16 April 2025. The corporate risk register outlines the:

- Risk assessment process including defining and determining consequences and likelihood
- Risk assessment matrix
- Corporate risk details
- Corporate risk register and
- Future risk mitigation actions.

The corporate risk register is a dynamic document with risk assessments for identified corporate risks reviewed and updated as conditions underpinning the risks change. A detailed review of the corporate risk register is also undertaken, as a minimum, on an annual basis. Risk owners, existing mitigations/treatments and key controls have been identified for each corporate risk. Proposed actions to improve mitigation treatments of corporate risks have also been identified, including identifying the action owner and delivery timeframe.

Key controls have been identified:

- For all risks that have an inherent risk rating of very high and
- Where appropriate for risks that have an inherent risk rating of high.

The effectiveness of these identified key controls is attested to by each respective risk owner on a quarterly basis – refer Appendix B for further details.

3.2 Emerging Risks

Emerging risks are new risks or familiar risks that become apparent due to new or unfamiliar conditions. Emerging risks materialise beyond the five-year period used to determine the likelihood of a corporate risk occurring. Emerging risks can be observed from both within the organisation and from the wider community and may reflect:

- Slow-moving trends
- Fast-paced disruption, or
- Matters that gradually gain in momentum.

Emerging risks are considered when developing the annual operational plan. The executive leadership team is responsible for ongoing monitoring of these emerging risks including undertaking horizon scanning for any new or changes to emerging risks that may arise. Reporting on developments in emerging risks is incorporated into Council's risk reporting.

3.3 Project Risks

Proactive management of project risks is necessary to support achieving the objectives, timeframe and budget of a project. Appendix A outlines Council's approach to project risk management including:

- The types of projects where a formal risk management approach is required and
- A summary of the key supporting internal processes.

3.4 Operational Risks

Council's operational risks are managed within the framework set out in the Risk Management Plan. This plan defines how Barcaldine Regional Council (BRC) manages opportunities by providing a framework for the Risk Management Team to meet BRC strategic objectives and at the same time boosting performance in Quality, Health, Safety and Environment.

BRC operational risk management methodology is a systematic approach for identifying, assessing, managing and monitoring risk. It provides a structured framework for decision-making and helps organise and minimise the negative impacts by maximising opportunities. The risk management methodology will define the tools and approaches that will be used to perform risk management activities such as risk assessment, risk analysis and risk mitigation strategies. It sets a common approach and outlines the responsibilities of the Chief Executive Officer, all management, employees, contractors, visitors and volunteers to systematically manage risk consistent with ISO 3100:2028 Risk Management - Guidelines.

4. Risk Assessment Process

4.1 Determining Likelihood

A five-year period has been used to determine the likelihood of a corporate risk occurring. Table 1 provides a definition of the likelihoods used in the risk assessment process.

Table 1: Likelihood definition

Likelihood	Definition	Probability guide
Rare	Highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will.	0 - 5%
Unlikely	Not expected, but there is a slight possibility it may occur at some time.	6% - 20%
Possible	The event might occur at some time as there is a history of casual occurrence at Council or within the local government sector.	21% - 50%
Likely	There is a strong possibility the event will occur as there is a history of frequent occurrence at Council or within the local government sector.	51% - 90%

Likelihood	Definition	Probability guide
Almost certain	Very likely. The event is expected to occur in most circumstances as there is a history of regular occurrence at Council or within the local government sector.	>90%

4.2 Determining consequences

Five categories have been used to define the consequences of a corporate risk - extreme, high, medium, low or negligible. As consequences can take many forms, the following six criteria have also been used to assist in determining the consequence for the risk assessment process:

- Financial impact
- Health and safety
- Environment
- Reputation
- Legal and regulatory and
- Service delivery.

Full details of the consequence definitions are included at Table 2 below.

Table 2: Consequence definitions

Consequence	Financial Impact	Health and safety	Environment	Reputation	Legal and regulatory	Service delivery	Event
Extreme	Greater than \$500K	Loss of life/incurable illness or total incapacity	Long term, irreversible impact or impairment to: <ul style="list-style-type: none"> • Natural resource and systems and/or • Critical ecosystem services Remediation/recovery to environment > 10 years and requires significant resources.	Substantiated issue with sustained National, State and local media coverage. Significant adverse impact on Council (Administrator appointed).	Legal: Major litigation, including class actions in any court of law. Contracts: Termination of contract due to Council default. Regulatory: Non-compliance results in criminal charges, significant penalties and/or termination of services.	Extreme disruption to multiple services: <ul style="list-style-type: none"> • Essential services (*) unable to be recovered resulting in loss of license to operate • Loss of non-essential services. 	Potentially a crisis event
High	Between \$200k-\$500K	Serious injury /illness or partial incapacity Full recovery 4 -12 months	Reversible, long-term impact or impairment to: <ul style="list-style-type: none"> • Natural resource and systems • Critical ecosystem services Remediation/recovery to environment 3 to 10 years and requires considerable resources.	Substantiated issue - sustained local and state media coverage. Major reputational damage on Council.	Legal: Litigation, no class actions. Contracts: Written notice to rectify breach, otherwise contract will be terminated. Regulatory: Penalties imposed for non-compliance. Continued breaches will result in loss of service.	High level of disruption to multiple services: <ul style="list-style-type: none"> • Prolonged interruption to essential services (10 to 24 hours), significant resources required to rectify • Prolonged interruption to non-essential services (5 days to 2 weeks), significant resources required to rectify. 	Incident event, potentially a crisis event
Medium	Between \$50k-\$200k	Medically treated injuries Lost time injury recorded Full recovery in <3 months	Reversible, medium- term impact or impairment to: <ul style="list-style-type: none"> • Natural resource and systems and/or • Critical ecosystem services Remediation/recovery to environment 1 to 2 years.	Substantiated issue with high impact on community, sustained local media coverage.	Legal: Litigation, no class actions. Contracts: Warning that breach notice may be issued. Regulatory: Warning that continued non-compliance may result in corrective action.	Medium level of disruption to more than 1 service: <ul style="list-style-type: none"> • Medium term (5 to 10 hours) interruptions to essential services, existing resources able to rectify • Medium term (2 to 5 days) interruptions to non-essential services, 	

Consequence	Financial Impact	Health and safety	Environment	Reputation	Legal and regulatory	Service delivery	Event
Low	Between \$10k-\$50k	First aid injuries Full recovery <4 weeks	Reversible, short-term impact or impairment to: <ul style="list-style-type: none"> Natural resource and systems and/or Critical ecosystem services. Remediation/recovery to environment < 1 year.	Substantiated issue, low impact, local media coverage.	Legal: Minor litigation. Contracts: Contractor expresses contractual concerns. Regulatory: Some temporary non-compliances which can be rectified.	existing resources able to rectify. Low level of disruption to a service: <ul style="list-style-type: none"> Short-term (2 to 5 hours) interruptions to essential services, existing resources able to rectify Short-term (24 hours to 2 days) interruptions to non-essential services, existing resources able to rectify. 	Incident managed as BAU, potentially raised as an incident
Negligible	Less than \$10k	Injury or illness requiring first aid treatment, no lasting impacts <3 days	Minor impacts not requiring intervention over the short term.	Low impact, low profile, not a local news item.	Legal: Threat of possible litigation. Contracts: Concerns have negligible impact on contract performance. Regulatory: Non-formal non-compliance, easily rectifiable.	Limited disruption to a service: <ul style="list-style-type: none"> Short-term (< 2 hours) interruptions to essential services, existing resources able to rectify Short-term (< 24 hours) interruptions to non-essential services, existing resources able to rectify. 	

* Essential services refer to water and sewerage services

5. Risk assessment matrix

A risk assessment matrix is used to map both the inherent risk (i.e. the risk without treatment or mitigation measures) and the residual risk (i.e. the risk remaining after treatment or mitigation) – refer Table 3 below.

Table 3: Risk matrix

Almost certain					
Likely					
Possible					
Unlikely					
Rare					
	Negligible	Low	Medium	High	Extreme

LIKELIHOOD

CONSEQUENCE

	Low
	Moderate
	High
	Very High

6. Reporting

Detailed risk reporting will be provided to every Audit and Risk Committee and to Council quarterly. Reporting will include:

- The latest risk matrix
- Key risk activities undertaken in the period (e.g. changes, watching briefs, risk reviews etc)
- Commentary on emerging risks
- Status of future risk mitigation actions and
- The status of key controls' effectiveness.

6.1 Council agenda papers

Agenda papers presented to Council must include consideration of how the proposal impacts the relevant corporate risk/s including whether the risk of the proposal remains within Council's desired risk appetite.

Commentary is also required on whether the proposal will have a material impact on the relevant corporate risk rating. In this regard:

- A material impact is where the proposal will result in a change to the assessed corporate risk rating (e.g. moving from high to very high or moving from high to moderate) and
- Whether the impact will be for a specified period or a permanent change.

Where a proposal is likely to:

- Have **no material impact** on the assessed corporate risk rating, the paper will include details on whether additional treatment or mitigation measures will be implemented to allow the risk to be appropriately managed within its current risk rating
- **Materially increase** the assessed corporate risk, the paper will include details of what additional measures management is taking to manage this additional risk and
- **Materially decrease** the assessed corporate risk, the paper will include details of whether there will be any consequential changes to implemented mitigation or treatment measures.

7. Continuous Improvement

Barcaldine Regional Council is committed to continuous improvement in risk management. We will regularly review and update this framework to ensure it remains effective and aligned with best practice/s and ISO Standards.

As a matter of process, the Corporate Risk Register will be reviewed annually in the first quarter of the financial year. The Risk Policy and Risk Framework will be reviewed every two years or as required.

Appendix A – Project Risk Management

Overview

Project risk management is used to proactively manage risks that could have a detrimental impact on achieving a project's:

- Objectives
- Timeframe and/or
- Budget.

Formal or informal approach

A formal approach for project risk management is not required for all projects. However, it should be applied where the project:

- Has been identified as a key business initiative or key capital expenditure project
- Is complex in nature
- Is delivered over a long time frame or
- Is not of a nature that is ordinarily delivered by Council.

Where a formal approach is not required, project risks should still be considered in the project planning processes, however a formal risk assessment is not required.

Project risk assessment process

The project risk assessment process should occur in the planning stage of the project and will usually involve a risk workshop or direct engagement with team members and key project stakeholders.

Outcomes of the project risk assessment process are to be incorporated into business cases, project plans and/or Council decision papers.

The project risk assessment template can assist with project risk assessment process – key elements of the process are summarised in Figure 3 below.

FIGURE 3 – RISK ASSESSMENT PROCESS

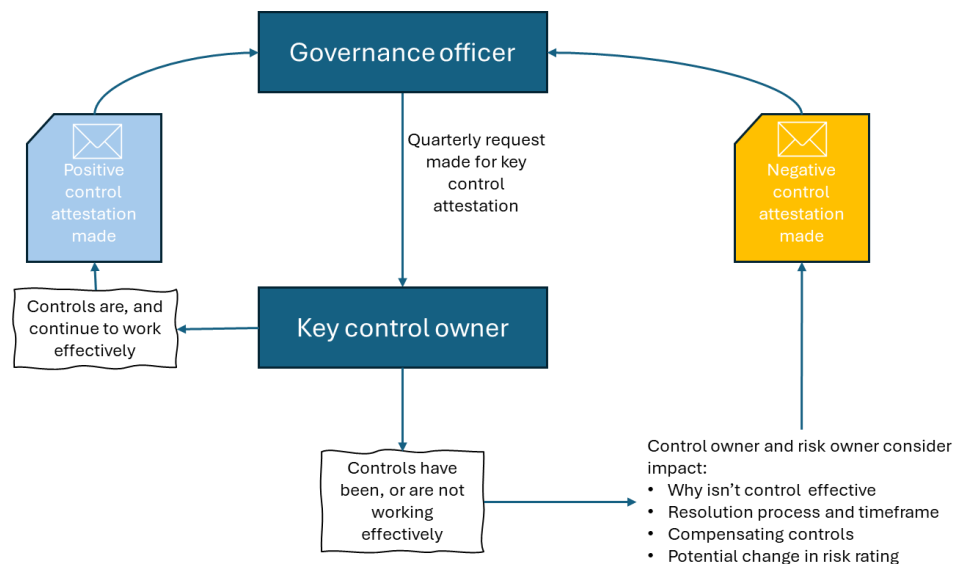
Steps	What is required	Useful tips
1 – Identify project risks	All potential risks that could impact the project (objectives, timeframe or budget) are to be identified, including the relevant risk owner.	The whole project lifecycle is considered from project planning to operational handover.
2 – Determine inherent risk (i.e. the risk without any mitigations and/or treatments):		
▪ Assess likelihood	The likelihood of the risk occurring should be determined (Rare, Unlikely, Possible, Likely, Almost Certain).	Utilise the likelihood definitions included within Council’s corporate risk register (noting the timeframe is limited to the project timeframe).
▪ Assess consequences	The possible consequences of the risk occurring should be determined (extreme, high, medium, low or negligible) against the relevant criteria (financial impact, health and safety, environment, reputation, legal and regulatory and service delivery).	Utilise the consequence definitions table included within Council’s corporate risk register.
▪ Assign risk rating	Assign the inherent risk rating based on the intersection between the assessed likelihood and consequence.	Use the risk rating matrix in the project risk template to identify the appropriate risk rating.
3 – Identify mitigation/treatments	Identify those key treatments, controls or mitigation measures that will assist in either reducing or managing the risk.	Key treatments only are required here.
4 – Determine residual risk (i.e. the risk after mitigations and/or treatments)		
▪ Assess likelihood	The likelihood of the risk occurring after any outlined mitigations and/or treatments should be determined (Rare, Unlikely, Possible, Likely, Almost Certain).	Utilise the likelihood definitions included within Council’s corporate risk register (noting the timeframe is limited to the project timeframe).
▪ Assess consequences	The possible consequences of the risk occurring after any outlined mitigations and/or treatments should be determined (extreme, high, medium, low or negligible) against the relevant criteria (financial impact, health and safety, environment, reputation, legal and regulatory and service delivery).	Utilise the consequence definitions table included within Council’s corporate register.
▪ Assign risk rating	Assign the residual risk rating based on the intersection between the assessed likelihood and consequence.	Note the residual risk rating must be below very high to align with Council’s risk appetite. If the assessed residual rating is very high, further mitigations and/or treatments are required to reduce the risk rating.
5 – Monitor and report	Project risks should be monitored and updated as necessary during the project. Project reporting should incorporate the status of project risks.	Project reports should comment on any material changes to project risks.

Appendix B – Key Controls’ Effectiveness Process

Overview

The key controls’ effectiveness process has been included at Figure 4.

FIGURE 4 – KEY CONTROLS’ EFFECTIVENESS PROCESS



Identification of key controls

During the annual review of the corporate risk register, key controls and the respective control owners are identified for all risks that have an inherent risk rating of very high. Where considered appropriate, key controls and owners will also be identified for risks that have an inherent risk rating of high. Please refer to figure 5 below for the list of key controls and respective control owners.

Quarterly control attestation

The control owner will be responsible for certifying the effectiveness of key controls they are responsible for. If during the period covering the attestation the controls have:

- **Been effective** - a simple positive attestation is provided to the governance officer stating as such
- **Not been effective** - further work is required from both the control owner and the risk owner (refer diagram above) prior to a negative attestation being provided to the governance officer.

Attestation requests will be provided to key control owners two weeks prior to the end of the respective quarter, with responses due by quarter end.

FIGURE 5 – IDENTIFIED KEY CONTROLS AND CONTROL OWNERS

Risk number	Risk title	Risk owner	Identified key control	Key control owner
CR4	Potable water quality	Director of Works	<ul style="list-style-type: none"> Established regular testing and monitoring program Supply (have adequate stock) of system critical spares 	Water and sewerage coordinator
CR5	Water delivery	Director of Works	<ul style="list-style-type: none"> Supply (have adequate stock) of system critical spares Back-up generator tested and available for use 	Water and sewerage coordinator
CR7	Environmental harm from sewerage operations	Director of Works	<ul style="list-style-type: none"> Establish regular testing and monitoring program Adherence with regulatory improvement program requirements (key control) Back-up generator tested and available for use 	Water and sewerage coordinator
CR8	Inability to collect sewage	Director of Works	<ul style="list-style-type: none"> Supply (have adequate stock) of system critical spares Back-up generator tested and available for use 	Water and sewerage coordinator
CR10	Environmental harm from waste landfill operations	Director of Works	Regular testing to meet regulations	Director of Works
CR12	Community Care Support Services exceed external funding provided	Chief Executive Officer	Regular review and monitoring of operating results	Manager Human Resources, People and Culture

Risk number	Risk title	Risk owner	Identified key control	Key control owner
CR13	No longer contractor of choice to Department of Transport and Main Roads in region	Director of Works	Regular audits, monitoring reports and resolving identified issues	Manager of Engineering Services
CR14	Airport airstrips not fit for purpose	Director of Works	Regular Civil Aviation Safety Authority audits and technical inspections, monitoring reports and resolving identified issues	District Manager – Alpha/Jericho District Manager – Aramac/Muttaburra District Manager – Barcaldine
CR18	Fraud	Chief Executive Officer	Staff compliance training	Manager of Finance
CR19	Council is financially unsustainable	Director Corporate and Financial Services	<ul style="list-style-type: none"> Monthly management reporting of actual versus budget performance provided to Council Cashflow reporting and monitoring including split between restricted and unrestricted cash 	Manager of Finance
CR20	Workplace health and safety	Chief Executive Officer	Toolbox prestart talks for all staff	Senior Works Supervisor – Alpha/Jericho Senior Works Supervisor – Aramac/Muttaburra Senior Works Supervisor - Barcaldine
CR22	Organisational impact of investment legacy	Director Corporate and Financial Services	Monthly management reporting of actual versus budget performance provided to Council	Manager of Finance
CR23	Cyber security	Chief Executive Officer	Ongoing security uplift program provided by the third-party managed services provider	Director Corporate and Financial Services