

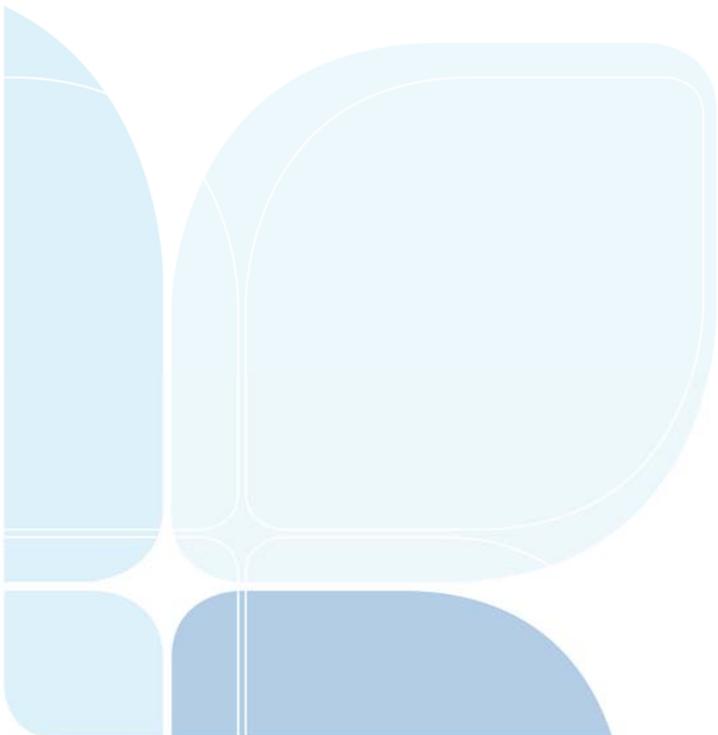


Local Land
Services

Local Land Services

Risk Management Framework

December 2015



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Risk Management Framework

Introduction

This Risk Management Framework governs the approach of Local Land Services (LLS). It is not a guide, but a standard to be followed. Risk management is essential to good governance, and is a legislative and policy requirement in New South Wales.

The purpose of this risk management framework is to embed risk management throughout LLS and provide a structure that facilitates the use of a consistent process to manage risk whenever decisions are made.

It is the Board of Chairs (BoC) responsibility to set a mandate and commit to implement, operate, maintain and continually improve the LLS risk management framework.

Risk management is part of, and not separate from, all practices and processes, and LLS's approach to managing risk will be embedded in planning processes, decision-making structures and operational procedures. All LLS policies should consider uncertainties that may affect the achievement of policy objectives and include sufficient controls to ensure that policy objectives will be achieved.

Definition

Risk is the effect of uncertainty on objectives noting that effect is a deviation from the expected and may be positive and/or negative.

Risk management is a structured, consistent and continuous process used across LLS at the strategic level and the operational level. It is used for identifying, assessing, deciding on, responding to and reporting on opportunities and threats that affect the achievement of our corporate and business objectives.

The risk management framework aims to provide a standard for consistency in risk identification, analysis and treatment that can be used at all levels from strategic planning to project management.

This framework supersedes any other risk management framework, policy, procedure and register in place across LLS.

Legal and Regulatory Compliance

Risk management is a legislative and policy requirement in New South Wales.

LLS's framework has been developed in compliance with the *NSW Treasury Internal Audit and Risk Management Policy for NSW Public Sector TPP15-03* (under core requirement 1.2) and based on the international risk management standard (AS/NZS 31000). LLS has adapted the general framework from the cluster principle Department; NSW Industry, Skills and Regional Development and tailored to the needs of LLS under the guidance of the NSW Risk Management Toolkit for Public Sector Agencies v1.

Effective risk management processes are also required by the *Public Finance and Audit Act 1983* and the *Work Health & Safety Act 2011*. The Annual Reports Regulations require agencies to report on their risk management and insurance arrangements. Agencies must attest annually to compliance with all of the core requirements of TPP 15-03.

The NSW Treasury *Internal Audit and Risk Management Policy for NSW Public Sector TPP15-03* requires the Chair of the Board of Chairs to attest to compliance with the 'core requirements' set out in the Policy annually. Local Land Services must publish the Attestation Statement in the Annual Report, adjacent to existing report requirements, to disclose 'risk management and insurance activities'.

A copy of the Attestation Statement for the prior reporting period must be forwarded to NSW Treasury on or before 31 October each year.

Principle 1:

The agency has a risk management framework in place that supports the agency to achieve its objectives by systematically identifying and managing risks to:

- *Increase the likelihood and impact of positive events*
- *Mitigate the likelihood and impact of negative events*

Core Requirement 1.1

The agency head is ultimately responsible and accountable for risk management in the agency.

Core Requirement 1.2

A risk management framework that is appropriate to the agency has been established and maintained. The framework is consistent with AS/NZS ISO 31000:2009.

Culture

LLS values and behaviours aim to create an effective culture as the best chance for an effective, growing, sustainable and valued business.

LLS BoC and Senior Executive Team (SET) are committed to developing a risk management culture, where risk management is seen as integral to the achievement of our aims at all levels and where all staff are alert to risks, capable of an appropriate level of risk assessment, and confident to report risks or opportunities perceived to be important in relation to LLS's priorities.

Risk management culture is the accepted way of applying risk management within an agency and drives how people recognise and respond to risk. Local Land Services recognises that organisational culture is an important component of risk management.

- The BoC must create and sustain a risk management culture to ensure management and staff commitment.
- The Senior Executive Team and the Audit, Risk and Governance Committee will both model and drive the right behavior with regard to risk.

The following actions must be adopted across LLS:

Drivers	Action
Values Statement	Include reference to risk and risk management in any Values Statement approved by the BoC; for example, by stating that 'We value communication of risk information and the management of risk'.
Management commitment	Management must take every opportunity to demonstrate commitment to risk management and model expected risk management behaviours.
Systems and processes	Design agency-specific, fit-for-purpose tools, systems and processes to help people manage risk. Provide guidance to staff in the agency that use these tools and nominate the person they should contact for further assistance.
Organisational structure	Ensure the organisational structure allows responsibility for risks and risk treatment to be delegated.
Job design and performance	Create support for your risk management framework by nurturing suitable competencies, attitudes and behaviours in your staff. Ensure job descriptions refer to accountabilities and responsibilities for risk management. Assign leadership roles in risk management. Do not tolerate poor risk management behaviours. Review these behaviours as part of the staff appraisal process. Recognise and incentivise those who effectively identify or manage risk.
Performance agreements	Articulate risk management responsibilities in performance agreements.
Desired versus actual behaviours	Encourage and support staff in managing risks. Incorporate measures of risk management culture and attitude into organisational climate surveys and performance management systems.
Effective communication	Ensure that your agency communicates its reasons for managing risk and that these are commonly understood and agreed. All staff should feel comfortable discussing risk management issues, encouraging effective two-way communication about risks and their management. Ensure that staff understand the agency's tolerance for risk and when and to whom risks should be escalated.

Objectives and Strategies

Risk management includes risks at the strategic level, that is, those high level risks that critically impact on LLS's ability to achieve its corporate objectives.

The BoC are responsible for setting the organisations objectives and priorities that should include risk management, and provide a framework for identifying risks at an operational.

LLS's business objectives are articulated in the LLS State and Local Strategic Plans.

- Corporate Objective: To manage risks effectively and thereby improve our ability to meet our objectives.
- Corporate Strategy: Embed risk management into all organisational systems and processes, and
- Develop an organisational culture that is risk aware.

LLS Risk Management Strategy

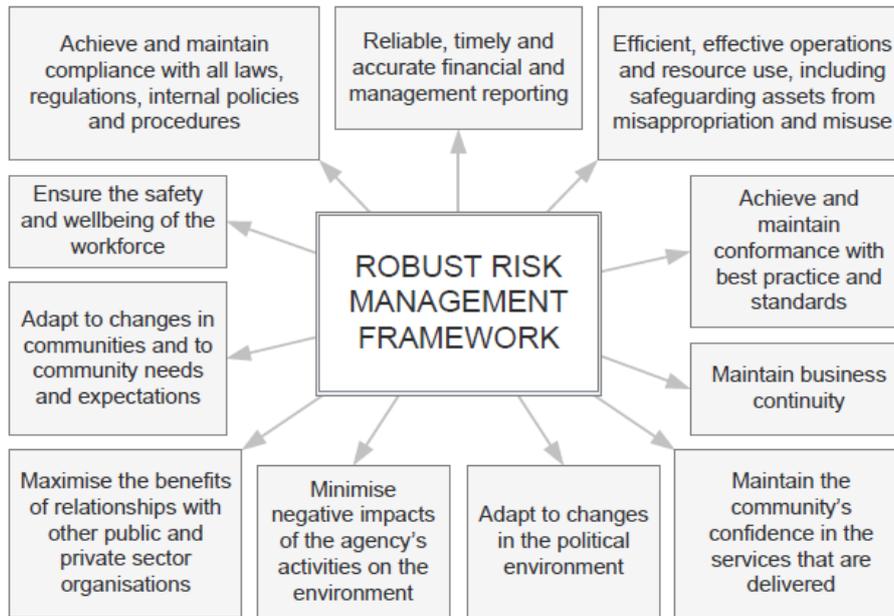
Objective	Strategy	Initiatives
1. Embed risk management in all organisational activities	Risk management needs to form part of all of LLS systems and processes. We need to establish mechanisms to support implementation of risk management at all levels.	<ul style="list-style-type: none"> a) Identify our risk management objectives b) Identify risk management roles c) Integrate governance and risk management d) Integrate audit and risk management e) Integrate planning and risk management
2. Develop a common understanding of our risks and their management	<p>We need to ensure that our approach to managing risk is well understood and applied consistently at all levels and across all regions in LLS. This requires:</p> <ul style="list-style-type: none"> - An approach that meets the needs of LLS - Strong leadership - Effective communication about risk 	<ul style="list-style-type: none"> a) Understand our internal and external operating environment as it relates to managing our risks b) Establish our risk leadership, consisting of the Corporate Risk Management Coordinator and Local Risk Coordinators c) Understand our risk culture and identify barriers to the implementation of our risk management framework d) Develop our risk capability e) Develop and implement our risk management policy f) Develop our risk management communication strategy
3. Measure, control & monitor our risks	We need to ensure that our process for managing risk is clearly defined, repeatable and based on appropriate information.	<ul style="list-style-type: none"> a) Identify our risk tolerance b) Develop our risk process, including the rules for risk escalation and risk reporting c) Develop our risk information strategy (?) d) Identify, assess and control our Strategic Risks e) Cascade our risk management process into all levels of planning f) Develop a process for identifying and managing project risks g) Develop a process for identifying and managing ad hoc risks h) Develop our risk management reporting strategy
4. Continue to improve our risk management practice	We need to understand what level of risk management maturity is current in LLS and what level is required, and develop a strategy to close the gap.	<ul style="list-style-type: none"> a) Identify what constitutes an appropriate level of risk management maturity for LLS b) Develop our risk management assurance program (through the internal audit function) to monitor the effectiveness of our risk management framework and risk management maturity.

Performance Indicators

The successful identification and management of key risks removes or minimises impediments to LLS's objectives. It also assists with the early identification of opportunities. This framework is intended to ensure that the way LLS engages with risk at all levels is:

- Effective
- Efficient
- Consistent and integrated

Figure 1. Benefits of a robust risk management framework
Source: Management Toolkit for Public Sector Agencies



Communication Plan

The benefits of risk management, the policy and this framework need to be communicated to all stakeholders for implementing. A plan has been developed in the table below.

Element	Action/Milestone	Who	By when
1. Risk Policy	In place (under review)	BoC / ESU	May 2014: revised December 2015, then annually
2. Risk framework	In progress	BoC / ESU	December 2015: revise March 2016, then annually (review should be conducted by AR&GC)
3. Risk Register and Management Plan	In progress	BoC / SET	December 2015: revise annually
4. 1-year Audit Plan		AR&GC / IAF	September 2015: revise annually
5. Communication and development strategy for staff		ESU	Rollout in December 2015/January 2016
6. Communication strategy for external stakeholders		BoC / ESU	Rollout to current stakeholders commence December 2015
7. 3-year Strategic Audit Plan and audit universe			

See also [Attachment \(1\) LLS Risk Management Action Plan](#)

Appendix A – Risk Management Accountabilities & Responsibilities

Board of Chairs	<ul style="list-style-type: none"> • The BoC is ultimately responsible for risk management in LLS. • Governance responsibility for risk management and legal compliance for LLS. • Strategic responsibility for advising the Minister on risks and opportunities
Audit, Risk & Governance Committee (AR&GC)	<ul style="list-style-type: none"> • Provides independent advice to the BoC on risk management and legal/regulatory compliance within LLS. • As input to its advice, it continually monitors: risk identification, assessment and treatment; LLS's control framework; external accountability, in relation to financial statements, compliance with laws, regulations and policies; external audit findings; and the internal audit program, including progress implementing the recommendations arising from both internal and external audit.
Internal Audit Function	<ul style="list-style-type: none"> • Responsibilities as set out in the Internal Audit Charter • Provides assurance to the Head of Internal Audit that; <ul style="list-style-type: none"> ○ Risk controls are appropriately designed and effectively implemented ○ LLS's risk management is effective
Head of Internal Audit	<ul style="list-style-type: none"> • Supports the Audit, Risk and Governance Committee and reports to BoC • Assists the Senior Executive Team to identify and assess risks and controls and determine appropriate treatments • In consultation with the BoC and AR&GC, plans LLS's annual internal audit program, and subsequently manages it
Local Boards	<ul style="list-style-type: none"> • Local Boards provide oversight and monitoring including ensuring remedial actions are in place and elevating risks to the corporate risk register.
Senior Executive Team	<ul style="list-style-type: none"> • Management responsibility for identification, assessment and monitoring of risk within their region/business unit, and for determination of risk appetite, in consultation with the BoC • Operational responsibility for advising the BoC on risks and opportunities in relation to corporate objectives • Management responsibility for the identification, assessment, management and reporting of risks and controls in Regions, and for recommending elevation of those risks to SET strategy level where appropriate.
Managers and Team Leaders	<ul style="list-style-type: none"> • Monitor the program level, including risks at interdependencies between projects, and advise the senior management team. • Assist project sponsors and managers to manage risk efficiently. • Develop and maintain risk management procedures (with approval) at operational level. • Identify, assess, manage, monitor and report on project risks, advising the General Manager and the project steering committee/CRT.
All staff	<p>All staff are responsible for the management of risk within their sphere of influence. This includes:</p> <ul style="list-style-type: none"> • using a risk management approach in all decision making • familiarisation with the risk management process and its application within their areas of responsibility • participation in the identification, assessment, reporting and management of risk • applying risk plans in their areas of responsibility by identifying, communicating and responding to expected or emerging risks.

Risk Management Stakeholders

1. LLS Audit, Risk and Governance Committee

The Committee's risk management responsibilities are to:

- review whether management has in place a current and appropriate risk management framework that is consistent with AS/NZS ISO 31000:2009
- review risk management plans and provide advice to the BoC
- seek assurance from management and Internal Audit that risk management processes are operating effectively
- seek assurance from management and Internal audit as to the adequacy and effectiveness of internal controls
- review risk reports and provide advice to the BoC
- review whether a sound and effective approach has been followed in developing risk management plans for major projects or undertakings
- review the impact of LLS's risk management on its control environment and insurance arrangements
- review LLS's fraud control plan and be satisfied that LLS has appropriate processes and systems in place to capture and effectively investigate fraud related information
- review whether a sound and effective approach has been followed in establishing LLS's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.

2. Internal Audit

The internal audit function must evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic and disciplined approach.

In the conduct of its activities, the internal audit function will play an active role in:

- developing and maintaining a culture of accountability and integrity
- facilitating the integration of risk management into day-to-day business activities and processes, and
- promoting a culture of cost-consciousness, self-assessment and adherence to high ethical standards.

Internal audit activities will encompass the following areas for risk management:

a. Audit activities

- evaluate the effectiveness, and contribute to the improvement, of risk management processes
- provide assurance that risk exposures relating to the organisation's governance, operations, and information systems are correctly evaluated, including:
 - reliability and integrity of financial and operational information
 - effectiveness, efficiency and economy of operations, and
 - safeguarding of assets

- evaluate the design, implementation, and effectiveness of the organisation's ethics-related objectives, programs, and activities
- assess whether the information technology governance of the organisation sustains and supports the organisation's strategies and objectives

b. Advisory services

- The internal audit function can advise the BoC and management on a range of risk management matters including:
 - assisting management to identify risks and develop risk mitigation and monitoring strategies as part of the risk management framework
 - evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk
 - assisting management to investigate fraud, identify the risks of fraud and develop fraud prevention and monitoring strategies.

Appendix B – Risk Management Policy

NUMBER	Policy number	VERSION	2
AUTHORISED BY	Board of Chairs	AUTHORISED DATE	dd/mm/yyyy
ISSUED BY	Executive Support Unit	EFFECTIVE DATE	dd/mm/yyyy

The Local Land Services (LLS) Board of Chairs (BoC) has established the Risk Management Policy in compliance with the NSW Treasury Internal Audit and Risk Management Policy for NSW Public Sector TPP 15-03.

This policy sets out the objectives, authority and roles and responsibilities.

Policy Statement

The LLS Risk Management Policy is the central guiding principle aimed at developing a common understanding of risk and its management across the entire agency. The BoC is responsible for defining, endorsing and communicating the policy.

The policy specifies LLS framework and approach to managing risk, including how this approach will be integrated with the day to day business and embedded within planning processes, decision making structures and operational procedures.

Scope

This policy applies to all LLS board members, employees and contractors, to all workplaces, and to all activities. It applies to all risk categories, including, but not confined to:

- finance and legal;
- governance;
- operating environment;
- systems;
- human resources, including work health, safety and welfare;
- government;
- stakeholders; and
- strategic delivery.

Definitions

Enterprise Risk Management (ERM): Includes the methods and processes used by the department to manage risks and seize opportunities related to the achievement of our corporate and business objectives

Objectives: Specific, realistic and measurable goals which enable the department to deliver on its priorities within a given period of time as expressed in our Strategic Plan.

Risk: The effect of uncertainty on objectives

Risk management: The coordinated activities to direct and control an organisation with regard to risk

Risk management framework: The totality of the structures, methodology, procedures and definitions that an organisation uses to design, implement, monitor, review and continually improve its risk management processes

Risk management policy: Clarifies the department's objectives for and commitment to risk management

Risk management procedures: The systematic application of management policies and practices to the tasks of communicating, consulting, establishing the context, identifying, analysing, evaluating, treating and monitoring and reviewing risk

Risk management plan: The scheme within the risk management framework specifying the approach, the management components and resources to be applied to the management of risk

Risk register: Part of the risk management plan that identifies risks, evaluates them and identifies current or future risk treatments and controls to modify the risk. Elements include:

Risk owner: the person or entity with the accountability and authority to manage a risk

Controls: Measures that modify risk such as processes, policies, devices, practices or other actions that act to minimise negative risks or enhance positive opportunities

Risk treatment: The process of selection and implementation of measures to modify risk

Risk appetite: The amount and type of risk that an organisation is prepared to pursue, retain or take. The department's risk appetite is articulated through its descriptions of consequence and likelihood, its matrix for rating risk and its risk registers.

Risk tolerance: An organisation's or stakeholder's readiness to bear the risk after risk treatment in order to achieve its objectives

Risk assessment: The overall process of risk identification, risk analysis and risk evaluation

Requirements

Objectives

Risk management creates and protects the value that LLS generates for the people of NSW as it works to achieve its vision and corporate objectives. It is integrated in all business decision making.

Standards and structure

In managing corporate risk, LLS will apply and be guided by:

- NSW Treasury Internal Audit and Risk Management Policy for the NSW Public Sector (TPP 15-03)
- Australian/New Zealand Standard Risk management—principles and guidelines (AS/NZS ISO 31000:2009)

The LLS risk management framework consists of:

- Risk management strategy
- Risk management policy and procedures
- Risk management register
- Risk management rating

Principles

The framework and approach to managing risk are guided by the principles specified in AS/NZS ISO 31000:2009. These specify that risk management across all areas of LLS must:

- create and protect value
- be an integral part of all LLS processes
- be part of all LLS decision making
- explicitly address uncertainty

- be systematic, structured and timely
- be based on the best available information
- be tailored to the LLS context and risk tolerance
- take human and cultural factors into account
- be transparent and inclusive
- be dynamic, iterative and responsive to change
- facilitate continuous improvement

Culture

The Board of Chairs will lead and advocate positive risk management behaviour.

The Senior Executive Team will demonstrate this behaviour by:

- establishing the application of risk management in day-to-day activities
- communicating the benefits of risk management throughout the organisation
- incorporating measures of risk culture and attitude into performance management systems
- establishing positive reinforcement of effective risk management

Procedures

Process

All Board members and staff are accountable to manage risk within their sphere of influence and adopt the *Risk Management Procedures*. This process must be:

- an integral part of all management
- embedded in culture and practices
- tailored to each business process in the organisation

Implementation

The risk management framework, including the policy and procedures will be:

- mandated by the Board of Chairs
- implemented by the Senior Executive Team
- overseen by the Head of Internal Audit
- adopted by all staff

Integration

The risk management framework, including the policy and procedures must be embedded within all management processes, including but not limited to:

- policy development
- business and strategic planning
- change management
- organisational performance reporting
- purchasing and procurement
- business continuity and disaster recovery planning
- work health and safety
- environmental management
- project management
- human resources
- development and industrial relations

- customer relationship management and service delivery

Review and evaluation

The Head of Internal Audit will monitor risk management performance across LLS. They will coordinate:

- periodically measuring progress against risk management strategy
- periodically reviewing to check that the risk management framework including the policy and procedures continue to be appropriate to LLS
- reporting to the Board of Chairs on risk management and how well the policy is being followed and recommending improvements
- review of risk management framework annually

In coordinating these activities the Head of Internal Audit will work in cooperation with the Board of Chairs and Audit, Risk and Governance Committee.

Roles and responsibilities

Board of Chairs

Accountable for ensuring the effective implementation of the risk management framework, including the policy and procedures across LLS. This includes:

- approving policy and procedures
- determining risk tolerance
- ensuring the risk management approach is implemented and reviewed regularly
- reviewing risk-related recommendations from the Audit, Risk and Governance Committee.

Senior Executive Team

Collectively, the Senior Executive Team supports the Board of Chairs in the strategic operation of risk management by:

- appointing the Head of Internal Audit
- leading and aligning LLS culture with this policy and communicating the benefits of risk management throughout the organisation
- leading the implementation of the framework across LLS and within each local region
- aligning risk management objectives with LLS objectives and strategies
- monitoring risk management performance that aligns with LLS state and local strategic plans
- allocating necessary resources to risk management
- participating in the review, evaluation and continuous improvement of the LLS risk management framework

Audit, Risk and Governance Committee

The Audit, Risk and Governance Committee are directly responsible and accountable to the Chair of Board of Chairs for the exercise of its responsibilities in relation to risk. These include:

- reviewing whether LLS has in place a current and appropriate risk management process
- reviewing whether a sound and effective approach has been followed to develop risk management plans for major projects and undertakings
- reviewing other risk management arrangements as set out in the Committee's charter and as specified in the NSW Treasury Internal Audit and Risk Management Policy for the NSW Public Sector (TPP 15-03).
- ensuring legal and regulatory compliance

Head of Internal Audit

The Head of Internal Audit works with the Senior Executive Team to:

- coordinate establishment of accountability, authority and appropriate competence for managing risk, including implementing and maintaining the risk management process and ensuring adequacy, effectiveness and efficiency of controls
- coordinate the integration of risk management into LLS processes, ensuring that risk management is part of, not separate from, these processes
- coordinate a LLS-wide management framework for risk management
- coordinate internal communication and reporting mechanisms to support accountability and ownership of risk.

Local Boards

Local Boards provide oversight and monitoring including ensuring remedial actions are in place and elevating risks to the corporate risk register.

General Managers

General Managers are the risk owners within their region and are responsible for:

- coordinating and facilitating implementation of the risk management framework
- driving the risk management process
- demonstrating the application of risk management in day-to-day activities
- ensuring staff are implementing the risk management policy
- implementing, monitoring and continuously improving the effectiveness of mitigation strategies
- coordinating reports of their region's implementation of local risk mitigation strategies
- embedding risk management into day to day decision making

All staff

All staff are responsible for the management of risk within their sphere of influence. This includes:

- using a risk management approach in all decision making
- familiarisation with the risk management process and its application within their areas of responsibility
- participation in the identification, assessment, reporting and management of risk
- applying risk plans in their areas of responsibility by identifying, communicating and responding to expected or emerging risks

Delegations

There are no delegations relative to this policy.

Legislation

Work, Health and Safety Act 2011

Public Finance and Audit Act 1983

Related policies

NSW Treasury Internal Audit and Risk Management Policy for NSW Public Sector TPP 15-03

NSW Department of Industry Enterprise Risk Management Policy TI-G-135

Other related documents

LLS Audit, Risk and Governance Charter
LLS Internal Audit Charter
LLS Internal Audit Function Manual

Superseded documents

This policy replaces:

LLS Risk Management Policy – 22/5/2014

Revision history

Version	Date issued	Notes	By
1	22/05/2014	Approved	Board of Chairs
2	xx/12/2015	Review conducted in line with updated Treasury policy TPP15-03 and roles and responsibilities aligned to the broader framework and procedures.	

Review date

xx/12/2016

Contact

LLS Head of Internal Audit

Appendix C – Risk Management Procedures

NUMBER	Procedure number	VERSION	1
AUTHORISED BY	Board of Chairs	AUTHORISED DATE	dd/mm/yyyy
ISSUED BY	Executive Support Unit	EFFECTIVE DATE	dd/mm/yyyy

Procedure Statement

To provide the highest degree of consistency practical in the management of risk across LLS it is important to have a systematic means of establishing the context in which we are operating and of identifying, analysing and treating risk in the most effective way within the demands of that context. Such a process should be able to be applied at any level within LLS.

These procedures provide instructions to staff for the implementation of consistent risk management practices throughout LLS.

A risk management process which provides a rigorous and systematic framework for understanding the likelihood of risks associated with opportunities for optimising outcomes is essential. It is a tool which identifies threats to corporate objectives and enables the development of strategies to mitigate adverse consequences. In a time when there is increasing pressure on the public sector to display better governance, an appropriately framed risk management methodology is critical to maintain and enhance LLS's performance.

Scope

These procedures apply to all LLS employees, including board members, permanent officers, those under employment contract, term appointments (including secondments) or temporary arrangements, including contractors and consultants, to be applied to all aspects of the business.

Requirements

Risk Management is a structured, consistent and continuous process used across LLS at the strategic level, the operational level and across common operational areas. It is used for identifying, assessing, deciding on, responding to and reporting on opportunities and threats that affect the achievement of our corporate and business objectives.

1. Strategic Risk

This level relates to high level corporate risks associated with LLS carrying out its business objectives as articulated in the LLS Strategic Plan. These high level risks are recorded in the:

- **LLS Strategic Risk Register**

The rationale used for the identification of strategic risks is three-fold:

- first, the risks have been identified as 'high risk' because if LLS does not manage them it will not achieve its corporate outcomes;
- second, some of the identified risks are global and apply to different degrees to all parts of LLS; and
- third, some of the risks are of such a magnitude that not managing them effectively could impact on the operations of several areas of LLS.

LLS have identified 9 key strategic level risks that provide a framework for identifying risks and cascading down to risks at all levels of LLS. This is consistent with LLS's risk management approach which is structured to ensure that all risks in LLS, particularly those ranked as 'high' or above are identified and effectively managed.

1. Local Land Services fails to provide adequate financial information and reporting
2. Local Land Services fails to influence the sustainable management, development and sharing of NSW natural resources
3. Local Land Services fails to identify, prepare for, respond to or manage biosecurity risks, other incidents or emergencies
4. Lack of appropriate skills, knowledge and experience in the workforce and boards
5. Failure to provide a safe workplace
6. Inadequate customer service and engagement
7. Inadequate information and business systems and data to support decision-making
8. Failure to provide consistent advice to Ministers
9. Inadequate corporate governance and financial framework

2. Operational Risk

This area relates to the management of risks associated with operational units meeting their specific objectives. It includes major operational projects and contracts that could also be cross-regional in nature. These risks are identified, documented and managed through a single:

- **LLS Operational Risk Register**

Common operational areas

These areas support both the strategic and operational management of risk. LLS has established specific policies, procedures and guidelines to ensure the effective management of risk in many of these common operational areas, which are supported by steering committees, cross-regional teams or working groups.

The areas include:

- Work health and safety
- Compliance
- Business and Finance
- Fraud and corruption prevention
- Biosecurity and Emergency management
- Environmental
- Project management
- Program management and delivery

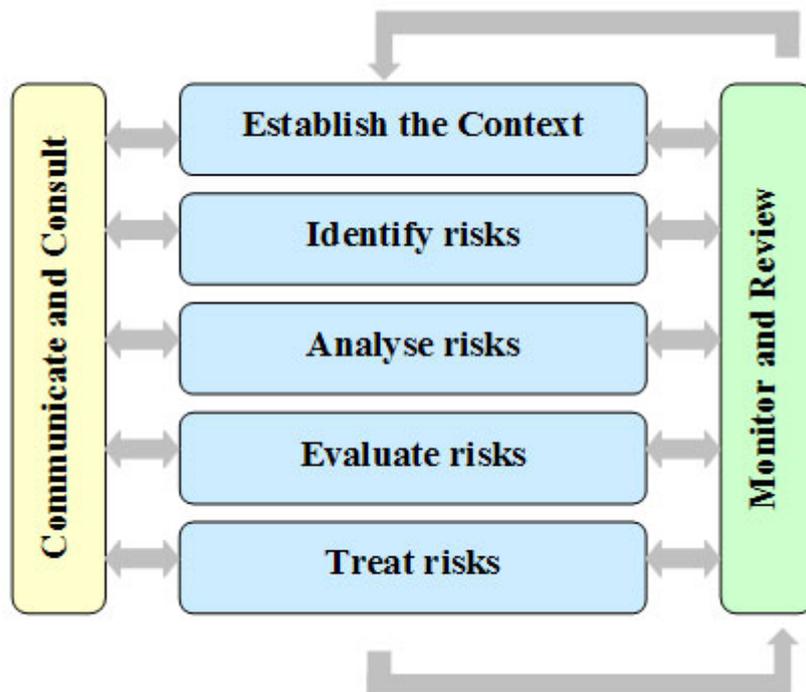
These risks are also identified, documented and managed through the single **LLS Operational risk register**.

The action and escalation points should be followed for each risk identified. Bi-annually risk reports will be provided from each of these areas through the SET, for review by the Head of Internal Audit and the Audit, Risk and Governance Committee.

Procedures

The Australian/New Zealand Standard Risk Management – principles and guidelines (AS/NZS ISO 3100:2009) identifies the seven elements of the risk management process and their interrelationships are shown in the figure below. Risk identification, analysis and evaluation are collectively known as “risk assessment”.

All staff are to follow this process in completing the **LLS Operational risk register**, and the same process can also be applied at business unit levels and in project, contract, and common operational and specialist areas.



The risk management process (AS/NZS/ISO 3100:2009)

Stage 1: Establish the context

This step involves establishing the context in which the rest of the process will take place. The objectives, strategies and scope of the activity, or part of the organisation to which the risk management process is being applied, should be established.

A key step in the risk process is the need to identify and evaluate risks in relation to how they affect LLS’s ability to deliver the results, outcomes and strategies identified in the LLS Strategic Plans.

Stage 2: Identify risks and risk owner

This step seeks to identify the risks that need to be managed at the operational level. The aim is to generate a list of risks that might have an impact on the achievement of corporate and/or local outcomes. These risks might prevent, degrade, delay or enhance the achievement of those objectives.

Given the experience of staff in LLS, it is intended that operational risks are identified using judgements based on experience and existing risk registers, and through brainstorming workshops.

Descriptions of identified risks consider source and impact, what the risk is, whom it impacts upon and what the impact is.

Identifying the risk category, nature and risk owner involves the following steps in completing each column (1-6) of the **LLS Operational Risk Register**.

Completion of this step will require the use of the:

- **LLS Risk Categories**
- **LLS Corporate Risk Register**
- **Risk Rating Criteria**

Stage 3: Analyse risks

It is important that the consequence and likelihood of each risk is rated without considering the existing controls and mitigation strategies. This produces a score that indicates worse-case exposure in the event that there are no controls in place or the controls fail to take effect during a risk event.

Analysing the risk involves the following steps (column 7-9) to determine the risk rating:

- **Risk Rating Criteria**
 - Using the threats or opportunities table, identify the risk's consequence level (**L, M, H, VH**).
 - Using the likelihood table, identify the risk's likelihood level (**R, P, L, AC**).
 - Combine the risk's consequence and likelihood to determine the rating level (**L, M, E**).

Stage 4: Evaluate and treat risks

Based on the analysis of the risks, it is necessary to decide whether any further actions are necessary and appropriate to further mitigate the risk. Use the risk rating to determine the action complete columns (10-13):

- **Risk Rating Criteria – Risk action and escalation table.**

This will require consideration of the following:

- a. Can additional controls and/or mitigation strategies be identified that can help with better managing the risk? If that is the case, provide a brief description in (column 11). Note: A key priority for identifying additional controls and mitigation strategies should be reducing the likelihood and/or consequences of each 'Extreme' risk. For other lower ranked risks the option may be simply ongoing monitoring and reporting on the status of the risk. The selected option should be the most appropriate and practicable, with the objective of reducing the level of risk to a tolerable level.

Options may include the following:

- Likelihood reduction – aimed at eliminating sources of risk or substantially reducing the likelihood of their occurrence
 - Risk avoidance – a particular case of likelihood reduction, where undesired events are avoided by undertaking a different course of action
 - Impact mitigation – aimed at minimising the consequences of the risk
 - Risk transfer – aims at shifting responsibility of the risk to another party (also called risk sharing because risks can rarely be transferred or shed entirely).
- b. On the other hand you may consider that there are sufficient controls and mitigation strategies in place. For instance it may be impractical and/or inappropriate to consider further controls to mitigate the risk. If this is the case, place "No further action" in (column 12).
 Note: The key mitigation strategies for the high level divisional risks should also be documented and managed through the divisional planning process. This option is referred to as risk retention, i.e. risks cannot be further reduced or avoided, or the costs of doing so would be too high. Risks can also be regarded as opportunities if they are retained and dealt with appropriately.
- c. Finally, consider whether it would be beneficial to include this area of risk on the agencies three-year audit and review program. For example, an audit of the area may provide confidence that the controls and mitigation strategies in place are working adequately; an audit may also help by suggesting additional controls and mitigation actions that may not have been considered. Place a 'Y' for 'yes' or an 'N' for 'no' in (column 13).
 Note: By giving this consideration you will assist the Audit, Risk and Governance Committee in developing the audit and evaluation program for LLS. The Committee will consider recommendations; however its decision to include/exclude certain areas from the program will be guided by a number of other priorities as well).

Stage 5: Monitor and review

Reporting is carried out bi-annually through the LLS Audit, Risk and Governance Committee reporting process so that the Committee can notify and make recommendations to the BoC to monitor progress in achieving risk treatment objectives and management of identified risks.

The Audit, Risk and Governance Committee will meet with the Head of Internal Audit and Senior Executive Team twice a year. This allows the Committee to assess the effectiveness of the risk management process on an ongoing basis. It also allows for a thorough review of the operation risk register, and, in particular assists in identifying and monitoring risks of a cross-regional nature. The identified risks and the effectiveness of mitigation strategies will be reviewed to reflect changing circumstances and priorities. See the Audit, Risk and Governance Committee meeting calendar for details.

Roles and responsibilities

The roles and responsibilities of this procedure are set out in the Risk Management Policy and Framework.

Related policies/procedures

LLS Risk Management Policy

Other related documents

LLS Risk Management Framework

Superseded documents

This policy replaces any previous process or procedures used across LLS.

Revision history

Version	Date issued	Notes	By
1	xx/12/2015		Board of Chairs

Review date

xx/04/2016

Contact

LLS Head of Internal Audit

Appendix D – Risk Rating Criteria

Each risk must be allocated a Risk Rating to indicate to management the level of attention that is required to reduce its probability and/or impact to manage the risk. In determining the Rating for each risk, you must consider both:

- The consequence of an event which is not covered by existing controls, and
- The likelihood of this event occurring.

Risk criteria	Used in
Consequence levels: the scale you will use to assess consequences of a risk	Risk analysis
Consequence table: a matrix where consequence levels are described for different types of consequences	Risk analysis
Likelihood table: the scale you will use to assess the likelihood of a risk	Risk analysis
Control effectiveness: the scale you will use to assess risk controls	Risk analysis Risk evaluation
Risk matrix: a technique used to combine consequence and likelihood to determine the level of a risk	Risk analysis
Risk actions and escalation points: describes the escalation actions required for each risk level	Risk evaluation
Risk tolerance table: defines your response to risk depending on whether or not you accept or tolerate the risk	Risk evaluation

Consequence Types

- Financial
- Service Delivery
- Work health and safety
- Environment
- Reputation and image
- Legal and regulatory

Consequence Table: Threats

Consequence level		Low	Medium	High	Very high
Financial loss	Does not exceed 0.1% of budget	Greater than or equal to 0.1% but less than or equal to 0.5% of budget	Greater than or equal to 0.5% but less than or equal to 2% of budget	Exceeds 2% of budget	
Service delivery	Service failure across a single service group's services that can be managed within the service group	A significant disruption to business continuity across a single service group's service requiring resources from other areas of your agency <ul style="list-style-type: none"> Short term disruption to services outside expected timeframes to remedy >1 week to < 1 month	A major disruption to business continuity across multiple services that your agency provides <ul style="list-style-type: none"> Long term disruption to services with extended resources required to remedy >1 to <6 months 	A significant disruption in business continuity across all major services your agency provides <ul style="list-style-type: none"> Complete and indefinite disruption to services >6months Intervention by Minister 	
Work health and safety	1 staff member or contractor lost-time injury	1–5 staff member or contractor lost-time injuries	More than 1 staff member or contractor left with a permanent disability injury and/or 5–25 staff member or contractor lost-time injuries	Fatality; 5 or more staff members or contractor permanent disability injuries and/or 25 or more staff member or contractor lost-time injuries	
Environment	<ul style="list-style-type: none"> Minor/recoverable short term isolated/localised environmental impact Minor injuries, no public health risk, short term well being impact Limited illness/injuries &/or deaths on single enterprise Some damage/loss on single enterprise 	<ul style="list-style-type: none"> Moderate, medium term, medium spread environmental impact Limited public health risk &/or injuries requiring medical & mental health treatment Some illness/injuries/deaths on multiple properties across a locality some damage/loss on a single property – multiple paddocks 	<ul style="list-style-type: none"> Serious long term, widespread environmental impact Major public health risk &/or injuries requiring medical & mental health treatment Considerable illness/injuries/deaths on multiple properties across a region Considerable damage/loss on multiple properties across a region 	<ul style="list-style-type: none"> Irreversible environmental impact Significant public health risk &/or human deaths/long lasting wellbeing issues Significant illness/injuries/deaths on multiple regions Considerable damage/loss across multiple regions 	
Reputation & Image	<ul style="list-style-type: none"> Recoverable short term local damage to reputation/image Individual complaints 	<ul style="list-style-type: none"> Medium term/regional/local damage to reputation and image Local temporary adverse media 	<ul style="list-style-type: none"> Long term/ ongoing local or State wide adverse media coverage State-wide damage to agency reputation 	<ul style="list-style-type: none"> Long term/ national / int'l damage to reputation Extended State wide adverse media coverage Intervention by Minister National / international damage to agency reputation 	

Consequence Type

	Legal and regulatory	<ul style="list-style-type: none"> ▪ Regulatory breach with minimal consequences and readily rectified ▪ Direct loss or opportunity cost 	<ul style="list-style-type: none"> ▪ Regulatory breach with material consequences but which can be readily rectified ▪ Direct loss or opportunity cost of \$ x million 	<ul style="list-style-type: none"> ▪ Regulatory breach with material consequences but which cannot be readily rectified ▪ Direct loss or opportunity cost of \$ x million 	<ul style="list-style-type: none"> ▪ Large scale class action: material breach of legislation with significant financial or reputational consequences ▪ Direct loss of opportunity >\$ x million
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Consequence Table

Consequence level	Consequence level description
Very high	Affects the ability of Local Land Services to achieve its objectives and may require third party intervention
High	Affects the ability of Local Land Services to achieve its objectives and requires significant coordinated management effort at the executive level
Medium	Affects the ability of a single business unit in Local Land Services to achieve its objectives but requires management effort from areas outside the business unit
Low	Affects the ability of a single business unit in Local Land Services to achieve its objectives and can be managed within normal management practices

Likelihood Table

Likelihood level	Frequency	Probability
Almost certain	The event is expected to occur in most circumstances, and frequently during the year	More than 99%
Likely	The event will probably occur once during the year	More than 20% and up to 99%
Possible	The event might occur at some time in the next five years	More than 1% and up to 20%
Rare	The event could occur in exceptional circumstances	Less than 1%

Risk Rating Matrix

Likelihood Level	Consequence Level			
	Low	Medium	High	Very High
Almost Certain				Extreme
Likely				
Possible		Moderate		
Rare	Low			

Risk Actions & Escalation Points

Rating	Action required for risk	Escalation
Extreme	Immediate action required	Escalate to the Chair of Board of Chairs Control strategy developed and monitored by the BoC and SET
Moderate	Potential action required: risks that will be treated as long as the costs do not outweigh the benefit. The risk, after treatment, is 'as low as reasonably practicable' (ALARP)	Escalate to the relevant direct report (to update BoC for information) Managed at functional or unit level. Management responsibility must be specified.
Low	No action: acceptable risk requiring no further action may require periodic monitoring by routine procedures.	No action required. Monitor within functional area or business unit.

Appendix E – Risk Management Contacts

Agency Head and Chair of Chairs

Alex Anthony (Acting) 0400 381 179 alex.anthony@lls.nsw.gov.au

BoC Audit, Risk and Governance Committee

Susan Hooke, Chair 0411 275 886 susan.hooke@lls.nsw.gov.au

Head of Internal Audit

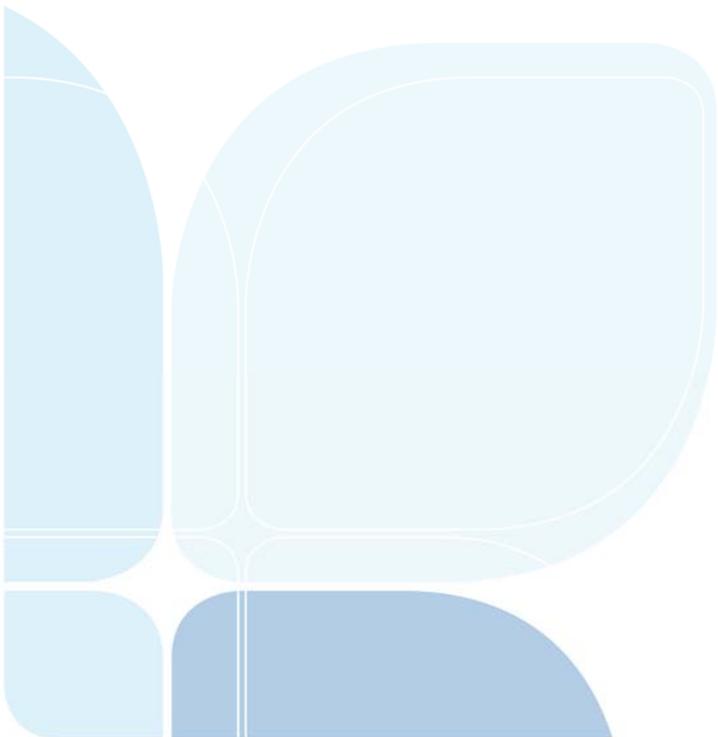
To be appointed as part of the development of the internal audit function.

Senior Executive Team

Craig Wallis, Chief Finance Officer 0429 373 260 craig.wallis@lls.nsw.gov.au

Further information

- **Attachment (1) LLS Risk Management Action Plan**
- **Attachment (2) LLS Strategic Risk Register**
- **Attachment (3) LLS Operational Risk Register**
- **Attachment (4) LLS Risk Categories**
- **Attachment (5) Cross Regional Teams**
- As directed by BoC, all cross regional teams are to adopt the project plan template. Contained within that template is a table, to be completed using the matrix within this framework. The team must identify the risks, rate the risk, define mitigation strategies and who is responsible.
- **Attachment (6) Project Management**
- Project Managers should complete the project document template 'risk management plan' for all projects. The project manager must identify the risk, the risk owner, rating and risk treatment.
- **IRIS Risk Management module**
- The risk categories in defined in IRIS risk management module need to be consistent across all LLS, and align with this framework. Categories, ratings and actions/escalation point's needs to be reflect this framework. A risk assessment should be conducted for each program, project, event and contacts.



Local Land Services - Risk Management Action Plan

Activities and tasks to be completed to provide a comprehensive view of the development and implementation of the LLS Risk Management Framework.

Initiatives		Tasks	To be completed by	Responsibility
1a	Identify risk management objectives	<ul style="list-style-type: none"> Set the scope and purpose for risk management 	Within framework	TD/CW
1b	Risk management roles	<ul style="list-style-type: none"> Identify those with accountability and responsibility for roles associated with developing and implementing the risk management framework Identify those with accountability and responsibility for roles associated with identifying and managing risk Revise position descriptions to reflect risk management roles Revise delegation manual to reflect risk management roles Review committee charters to ensure risk management responsibilities are clearly articulated Ensure roles are articulated in the risk management policy 	Within framework Within framework TBA TBA Complete Complete	TD/CW TD/CW ? ? TD/CW TD/CW
1c	Integrate governance and risk management	<ul style="list-style-type: none"> Review governance framework and structure to incorporate risk management 	pending	As part of NRC Audit? Who?
1d	Integrate audit and risk management	<ul style="list-style-type: none"> Review Audit and Risk Committee (ARC) charter for compliance with TPP 15-03 Clarify audit and risk management roles and responsibilities Establish risk-based audit methodology 	Complete Pending ?	TD/CW ? ?
1e	Integrate planning and risk management	<ul style="list-style-type: none"> Embed risk management into the planning framework and all planning activities, including project planning 	TBA	Strategic planning, project managers



Local Land Services - Risk Management Action Plan

2a	Context	<ul style="list-style-type: none"> Identify Departmental objectives where risk needs to be managed Identify legislative and compliance requirements Undertake environmental scans (external and internal) to identify potential sources of risk Undertake stakeholder analysis Understand potential impacts of these sources of risk to identify the types of risk that we need to manage 	?	Corporate Risk Management Coordinator (CRMC)
2b	Risk Leadership Team (Corporate Risk Management Coordinator and Local Risk Coordinators)	<ul style="list-style-type: none"> Communicate BoC commitment to risk management Identify membership of risk leadership team Ensure risk leaders are familiar with TPP 15-03 and AS/NZS ISO 31000 and encourage them to read the <i>Treasury Risk Management Toolkit for NSW public sector agencies</i> Hold a risk management framework information session with the risk leadership team 	TBA In progress	BoC CRMC
2c	Risk culture	<ul style="list-style-type: none"> Undertake a risk climate survey to establish the current (baseline) risk culture Perform a gap analysis between baseline and the culture that we are aiming for Identify strategies to close the gap 		CRMC
2d	Risk management capability	<ul style="list-style-type: none"> Develop our risk management capability matrix Identify learning needs Review training program and revise to meet risk management training needs 	In progress ? ?	TD/CW ? ?
2e	Risk management policy	<ul style="list-style-type: none"> Develop risk management policy Review other risk-related policies for consistency Review by BoC and ARC 	Complete (reviewing) pending	TD/CW CRMC and ARC



Local Land Services - Risk Management Action Plan

		<ul style="list-style-type: none"> • BoC endorsement for the policy • Publish and communicate policy • Review risk management policy and practice 		
2f	Risk management communication strategy	<ul style="list-style-type: none"> • Identify communication needs using results of the stakeholder analysis (see 2a) • Develop communication strategy for implementing the risk management framework 	December 2015	CRO and Communications Manager CRO and Communications Manager
3a	Risk attitude and risk tolerances	<ul style="list-style-type: none"> • Develop our risk tolerances for each type of risk (see 2a) to reflect our overall attitude to risk • Develop a risk escalation process based on our risk tolerances • Identify how tolerances and risk escalation will be reflected in our consequence tables and risk matrix (see 3b) 	Within framework	TD/CW
3b	Risk management process	<ul style="list-style-type: none"> • Identify how many risk assessment processes we need to cover all areas of our business (strategic, operational, project, etc.) • Research available risk assessment tools to identify appropriate methodologies for risk identification, analysis, treatment, etc. • Develop our consequence table(s), likelihood table(s) and risk matrices for the assessment of threats • Develop risk assessment facilitation and support strategy • Develop risk assessment and treatment guidelines, including templates • Monitor use of risk process for consistency • Develop review/revision plan for risk process 	In progress within framework ? Within framework Ongoing	ARC, Internal Audit and CRMC



Local Land Services - Risk Management Action Plan

		<ul style="list-style-type: none"> Revise risk policy and process, including expanding our risk tables and matrix to consider positive risk (opportunities) 		
3c	Risk information strategy	<ul style="list-style-type: none"> Identify stakeholder information needs Develop our risk register (Microsoft Excel-based initially) Develop our risk profiles (Microsoft Word/Excel-based initially) Investigate future options for risk information management system Develop a medium- to long-term risk information plan 	TBA	CRMC
3d	Strategic risk assessment	<ul style="list-style-type: none"> Undertake a risk assessment of our corporate objectives as an integral part of the strategic planning cycles to identify strategic risks and their treatment Use the assessment to inform our internal audit plan Report on risks in our strategic risk register and risk profile Develop and implement a monitor/review process for our strategic risks 	TBA	<p>Executive team facilitated by Strategic Planning and CRMC</p> <p>Internal Audit and CAE</p> <p>CRMC</p> <p>CRMC</p>



Local Land Services – Strategic Risk Register (originally prepared 26.06.2014)

No.	Nature of risk	Potential causes of risk	Impacts if risks eventuate	Mitigation strategies to control risk
1	Local Land Services fails to provide adequate financial information and reporting ?	<ul style="list-style-type: none"> Poor or insufficient underlying data Poor financial reporting systems and processes Lack of delivery from partners. <p>Particular issues currently exist with Crown Lands relating TSRs</p> <ul style="list-style-type: none"> Incomplete, poor or inconsistent risk management approach/risk register Poor governance culture 	<p>LLS impacts</p> <ul style="list-style-type: none"> Limited understanding of business position Qualified Audit Business interruption Loss of community support Loss of Commonwealth support for NSW stakeholders Loss of reputation and credibility Ministerial intervention <p>External impacts:</p> <ul style="list-style-type: none"> Possible qualification of state accounts NSW communities, industries and economy adversely affected 	<ul style="list-style-type: none"> Develop fall back options with TSR valuation date and review Adapt existing reporting arrangements for LLS Review and update risk register Culture change project to includes delivery of a strong corporate governance culture
2	Local Land Services fails to influence the sustainable management, development and sharing of NSW natural resources (NB same as Industry)	<ul style="list-style-type: none"> Ineffective or inappropriate action or programs Conflict of interest between stakeholders Insufficient incentives for stakeholders Lack of financial support for complementary national natural resource management programs Lack of community awareness or ownership of personal contribution to programs Grant program mismanagement Lack of influence in government debates Poor relationship and communication with 	<p>LLS impacts:</p> <ul style="list-style-type: none"> Loss of community support Loss of Commonwealth support for NSW stakeholders Inability to meet core NSW Government and LLS objectives Loss of reputation and credibility Ministerial intervention <p>External impacts:</p> <ul style="list-style-type: none"> NSW industries and communities do not have appropriate access to natural resources NSW industries produce large scale environmental damage NSW industries do not adapt to climate 	<ul style="list-style-type: none"> Develop and implement state and local strategies to balance needs of industry, community and the environment Develop effective stakeholder and community engagement processes Develop and promote the uptake of sustainable practices, e.g. by highlighting the economic benefits of sustainability Take a risk management approach to environmental protection LLS compliance programs Adopt a coordinated approach with other agencies including the Commonwealth to environmental management

Local Land Services – Strategic Risk Register (originally prepared 26.06.2014)

No.	Nature of risk	Potential causes of risk	Impacts if risks eventuate	Mitigation strategies to control risk
		<ul style="list-style-type: none"> stakeholders and regulators Lack of staff skills, knowledge and experience 	<ul style="list-style-type: none"> change NSW economy adversely affected NSW industries and communities adversely affected, particularly in regional areas NSW reputation suffers nationally and internationally NSW environment degraded over time 	<ul style="list-style-type: none"> Provide timely Ministerial briefings on issues of significance Effectively recruit, train, and manage staff
2	<p>Local Land Services fails to identify, prepare for, respond to or manage biosecurity risks, other incidents or emergencies</p> <p>(NB same as Industry)</p>	<ul style="list-style-type: none"> Ineffective intelligence, monitoring or reporting Ineffective planning Ineffective response Inadequate remediation Inadequate legislative framework Poor advice to government or stakeholders Inadequate information systems Inaccessible, inaccurate or inappropriate communication with stakeholders Lack of trained, experienced staff 	<p>LLS impacts</p> <ul style="list-style-type: none"> Loss of confidence in LLS to manage biosecurity risks, other incidents or emergencies Community and stakeholders turn to alternative sources for support and information Loss of reputation LLS unable to provide other core services during major response activities <p>External impacts:</p> <ul style="list-style-type: none"> Economic damage to NSW industries from biosecurity issues through: <ul style="list-style-type: none"> Loss of market access Loss of international reputation Erosion of public confidence in primary industry products Loss of market share (e.g. tourism) Economic damage to NSW industries through major disruption in production, 	<p>Work closely with Biosecurity NSW to:</p> <ul style="list-style-type: none"> Identify and prioritise risks posed by pests, weeds, diseases and contaminants to minimise their impact on the NSW economy, environment and community Achieve planning, preparedness, response, recovery and remediation capability for biosecurity risks, incidents and emergencies Participate in developing state and regional policies, plans and systems Deliver state-wide emergency arrangements with a clear definition of the chain of command, roles and responsibilities across governments and government agencies Prepare, maintain and follow standard operating plans/procedures for different types of emergencies Improve information systems and communication strategies, e.g. by leveraging emerging technologies



Local Land Services – Strategic Risk Register (originally prepared 26.06.2014)

No.	Nature of risk	Potential causes of risk	Impacts if risks eventuate	Mitigation strategies to control risk
			<p>disruption in infrastructure (eg energy, water, communications) and impacts on livestock, crops and food chain</p> <ul style="list-style-type: none"> Loss of forest estate Adverse impacts on food security Adverse impacts on consumers Erosion of confidence in NSW products NSW rural and regional communities experience hardship Serious environmental impacts 	<ul style="list-style-type: none"> Enhance relationships with external response partners Develop LLS capacity as first responders and in other priority areas
4	<p>Lack of appropriate skills, knowledge and experience in the workforce and boards</p> <p>(NB some the same as industry but we have included boards?)</p>	<ul style="list-style-type: none"> Changing business needs, now and into the future Multiple restructures Inability to attract the right skills Lack of tailored training, development and retention programs Staff turn-over Poor board and staff succession planning Lack of effective knowledge Inadequate management systems 	<p>LLS impacts</p> <ul style="list-style-type: none"> Reduced capacity to deliver core objectives and to provide services to NSW industries Loss of ability to maintain the knowledge base that underpins LLS delivery Loss of reputation and industry confidence Loss of stakeholder investment Poor policy development Risk of litigation Low staff morale <p>External impacts:</p> <p>Inaccurate advice provided to</p> <ul style="list-style-type: none"> NSW communities, industries and economy adversely affected 	<ul style="list-style-type: none"> Attract, develop and retain critical skills within LLS to drive service excellence Develop and implement Board succession planning Use PDS system to drive an increase in relevant skills and experience across LLS Provide, maintain and support integrated knowledge and information management systems and services Develop and implement programs and tools to facilitate effective internal communication and collaboration Implement effective change management programs Leverage external funding levels to support attraction and retention of skilled staff relevant to key LLS outcomes



Local Land Services – Strategic Risk Register (originally prepared 26.06.2014)

No.	Nature of risk	Potential causes of risk	Impacts if risks eventuate	Mitigation strategies to control risk
5	Failure to provide a safe workplace (NB same as Industry)	<ul style="list-style-type: none"> Lack of adequate systems and processes Lack of safety culture and leadership Limited understanding of or non-compliance with LLS and NSW T&I WHS requirements Diverse and potentially hazardous environments 	<ul style="list-style-type: none"> Unsafe work environment and potential for harm to staff Low staff morale Inability to attract or retain staff in certain areas Risk of litigation Increasing workers compensation costs Loss of reputation 	<p>Work with NSW Industry on the implementation of an integrated Staff Safety and Wellbeing Strategy which includes:</p> <ul style="list-style-type: none"> Identification and prioritisation of safety risks Safety systems and processes Safety reporting Safety leadership through cultural change, internal communication and training
6	Inadequate customer service and engagement (NB same as Industry)	<ul style="list-style-type: none"> Ineffective understanding and monitoring of customer needs Poor relationship and communication with customers, clients and stakeholders Duplicate and/or inconsistent channels for customer engagement Ineffective or inappropriate action or programs Inadequate information systems Internal structures limiting flexibility and responsiveness Lack of staff skills, knowledge and experience Poor business systems and service agreements 	<p>LLS impacts:</p> <ul style="list-style-type: none"> Reduced capacity to provide services Poor service provided to internal customers Loss of reputation and customer confidence Loss of stakeholder investment Risk of litigation Ministerial intervention <p>External impacts:</p> <ul style="list-style-type: none"> Poor service provided to customers NSW communities, industries and economy adversely affected Investment opportunities go elsewhere Increased non-compliance with 	<ul style="list-style-type: none"> Finalise, monitor and enforce Partnership Agreement Implement a Customer Service Strategy through the Customer Focus and Satisfaction Cross Regional Team. This may include: <ul style="list-style-type: none"> A customer service charter, training staff in best practice customer service Benchmarking, measuring and acting on customer feedback to improve our services Developing tools such as a client management system Proactive sharing of timely, accurate and accessible information with customers Appropriate use of technology for service delivery and customer engagement



Local Land Services – Strategic Risk Register (originally prepared 26.06.2014)

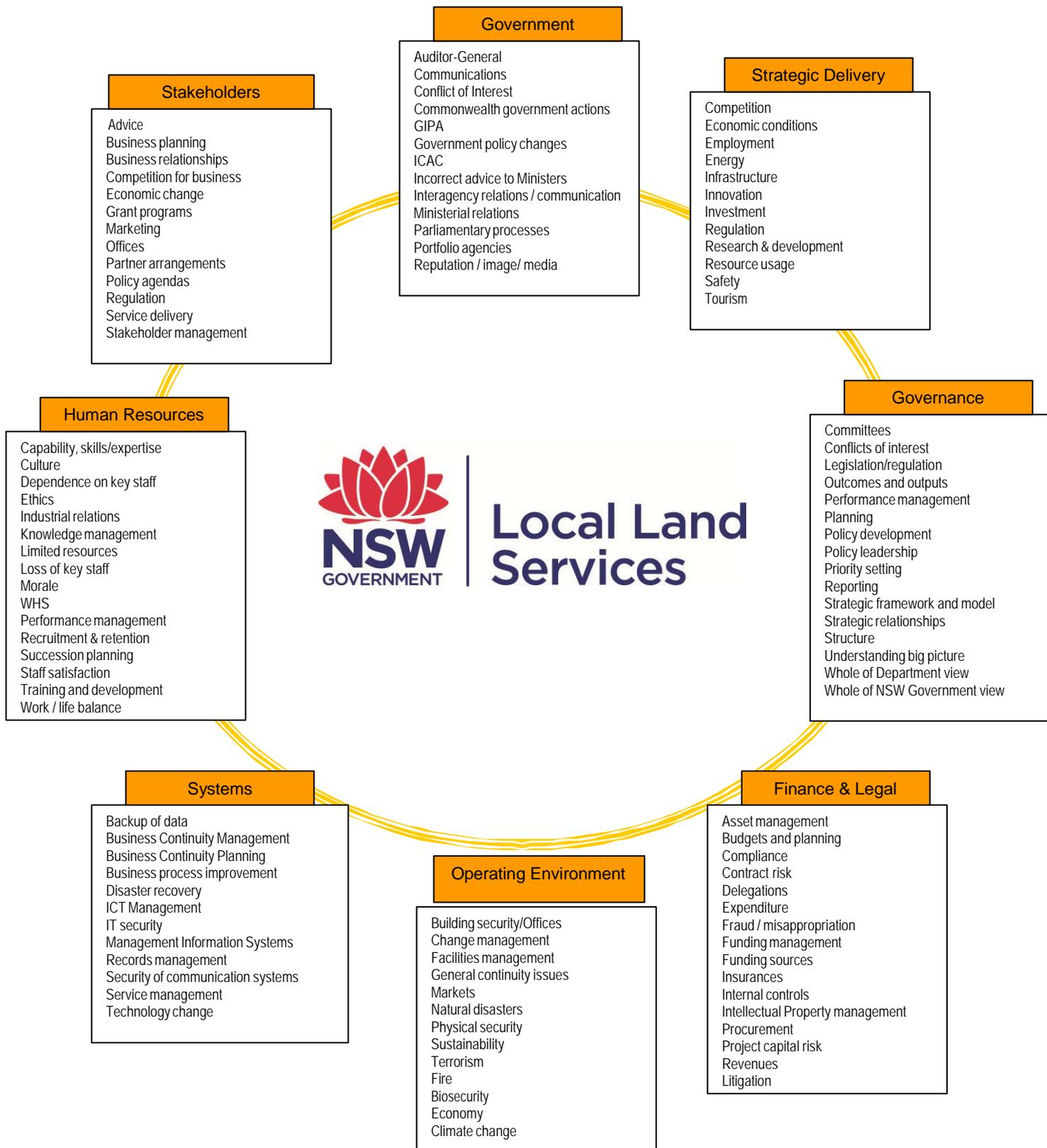
No.	Nature of risk	Potential causes of risk	Impacts if risks eventuate	Mitigation strategies to control risk
			LLS-administered laws/regulations	<ul style="list-style-type: none"> ○ Tailored approaches to enhance community involvement in decision making ○ Identify and implement collaborative models of regional service delivery
7	<p>Inadequate information and business systems and data to support decision-making</p> <p>(NB same as Industry)</p>	<ul style="list-style-type: none"> ● Lack of integrated information and business systems across LLS ● Multiple sources of data ● Applications are not fit for new business purposes ● Lack of effective knowledge management ● External information security risks (eg cyber attack or hacking) ● Natural/man-made disasters impacting assets/facilities ● Inadequate disaster recovery or business continuity plans 	<p>LLS impacts</p> <ul style="list-style-type: none"> ● Loss of credibility and reputation ● Inability to generate accurate information ● Reduced ability to conduct core business ● Loss of intellectual property ● Loss of revenue ● Fraud and corruption ● Lack of compliance with standards ● Inability to provide information promptly to Boards, government and industry <p>External impacts:</p> <ul style="list-style-type: none"> ● Poor decisions result in economic damage to industries and NSW 	<p>Work with NSW T&I to ensure LLS has:</p> <ul style="list-style-type: none"> ● Streamlined and people-centric corporate systems, standards and services <ul style="list-style-type: none"> ○ An ICT strategic plan and roadmap of investment projects to ensure systems remain fit for purpose ○ Current ICT business continuity/disaster recovery plans ○ LLS specific information, knowledge management and business systems ○ Reviewed and updated physical asset/facility management plans
8	<p>Failure to provide consistent advice to Ministers</p> <p>(NB same as Industry)</p>	<ul style="list-style-type: none"> ● Multiple and/or inconsistent sources of information ● Poor coordination of issues managed by different local regions ● Conflicting stakeholder needs ● Insufficient oversight of advice provided by local regions 	<p>LLS impacts</p> <ul style="list-style-type: none"> ● Loss of credibility, reputation and industry confidence ● Ministerial intervention ● Risk of litigation <p>External impacts</p>	<ul style="list-style-type: none"> ● Work with NSW T&I on coordinated and consistent Ministerial liaison ● Communicate roles and responsibilities across LLS ● Implement NSW T&I Ministerial liaison policy, protocols, delegations, templates and



Local Land Services – Strategic Risk Register (originally prepared 26.06.2014)

No.	Nature of risk	Potential causes of risk	Impacts if risks eventuate	Mitigation strategies to control risk
		<ul style="list-style-type: none"> Externally imposed deadlines that limit effective consultation Lack of staff skills, knowledge and awareness of interconnection of issues across LLS and across Trade and Investment 	<ul style="list-style-type: none"> Poor decisions resulting in economic damage to industries and NSW 	<ul style="list-style-type: none"> checklists Provide regular, timely Executive and Chair oversight of Ministerial liaison process and cabinet documents Maintain strong cross-regional and external networks
9	<p>Inadequate corporate governance and financial framework</p> <p>(not included in original LLS one but is on Industry register and looks important)</p>	<ul style="list-style-type: none"> Inadequate controls, systems and processes Inadequate records management including breakdown in security / confidentiality Inappropriate delegations Limited understanding of management structures, processes and delegations Non-compliance with departmental requirements Internal structures limiting flexibility and responsiveness Externally imposed change Lower revenues or sales Significant downturn in the domestic economy Inadequate corporate service systems 	<p>LLS Impacts</p> <ul style="list-style-type: none"> Loss of credibility and reputation Risk of litigation Fraud, corruption and wastage <p>- Major mismanagement of programs and grants</p> <p>- Adverse reports to ICAC, Audit Office and other central agencies</p> <ul style="list-style-type: none"> Relationship with NSW Treasury and government adversely affected Cut in budget and programs Low staff morale Corporate values are not reflected in employee behaviour <p>External impacts</p> <ul style="list-style-type: none"> Poor service provided to customers NSW communities, industries and economy adversely affected NSW reputation could suffer 	<ul style="list-style-type: none"> Build a sound corporate governance framework, including a system of internal policies, procedures and guidelines to promote ethical behaviour and decision making Improve records management systems including security of confidential documents Clearly communicate requirements and monitor internal compliance and accountability As part of overall information management strategy, provide, maintain and support appropriate corporate service systems Establish a framework that identifies and aligns programs with budget and corporate direction Manage finances and major programs with high levels of corporate governance, project and risk management skills and supported by the Program Management Office Regular monitoring of financial situation at the Executive level and by officers with financial delegation

LLS RISK MANAGEMENT FRAMEWORK - Risk categories

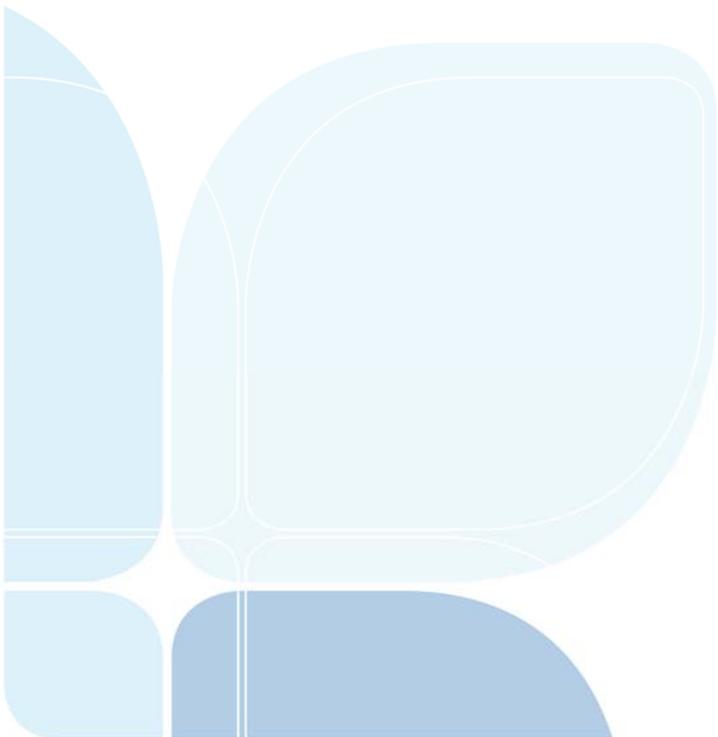




Local Land
Services

Example Cross Regional Team

Project Plan



Published by the Local Land Services

Title Project Plan

First published February 2016

ISBN

More information

Contact person

www.lls.nsw.gov.au

Acknowledgments

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Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing February 2016. However, because of advances in knowledge, users are reminded of the need to ensure that information upon which they rely is up to date and to check currency of the information with the appropriate officer of Local Land Services or the user's independent adviser.

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1. Project Background

XXXXX

Table 1:

1.1 LLS Legislative definition relating to

Table 2: LLS Act 2013 Requirements

1.2 Establish

- XX

2. Project Scope

2.1 Project objectives

XXXX

Objective	Approach

2.2 Guiding principles for the project

The project is to provide:

XXXX

3. Implementation Methodology

xxx

3.1 Phase 1: xxx

3.1.1 Task 1 – High level initial stakeholder consultation

Objectives

Process

Participants •

Outputs

3.1.2 Task 2 – Document preparation xxxxx

Objectives

Process

Participants •

Outputs

3.1.3 Task 3 – Cross Regional Team Development

Objectives

Process

Participants •

Outputs ▪

3.1.4 Task 4 - Stakeholder engagement plan development

Objectives

Process

Participants •

Outputs

3.1.5 Task 5 – Development of state-wide reporting framework for xxx

Objectives

Process

Participants •

Outputs

3.1.6 Task 6 – Develop good practice guidelines and determine an agreed timeline for implementation

Objectives

Process

Participants •

Outputs

3.2 Phase 2: xxx

3.2.1 Task 1 - xxx

Objectives xxx

Process

Participants •

Outputs

3.3 Phase 3: xxx

3.3.1 Task 1 - xxxx

Objectives

Process

Participants •

Outputs

4. Work Plan

XXX

Table 3: Work plan

Task	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Phase 1 : Weeds review and WAP Funding																						
Cross Regional Team development	█	█																				
Project plan development	█	█																				
State level engagement plan implemented.			█																			
A planned and coordinated approach to reporting at state and regional levels			█	█																		
Good practice guidelines and agreed timeline			█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
NSW Invasive Species Plan 2015-2022 finalised				█																		
WAP Funding announcement from DPI							█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Phase 2: Regional Weed Committees – interim plan																						
Reporting process and guidelines developed with DPI					█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Facilitate the development of Regional Weed Committee					█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Develop Regional Management Strategies					█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Biosecurity framework developed - DPI								█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Final Regional Management Strategies submitted											█	█	█	█	█	█	█	█	█	█	█	█
Phase 3: Biosecurity Act - implementation plan																						
Biosecurity legislation implementation																	█	█	█	█	█	█

5. Project Management Arrangements

XXXX

5.1 Responsibility charting

RACIO denotes Responsible, Accountable, Consulted, Informed, and Out of scope which five parameters used in a matrix are used in decision making. RACI chart tool outlines the activities undertaken within a project to that of the people or roles.

Within a project, people/groups can be allocated or assigned to specific roles for which they are responsible, accountable, consulted, informed or out of scope.

RACIO chart tool represents five parameters as already noted in the Introduction. Following are the meanings for each of these parameters:

- Responsible: This is a person, who performs a task or work and he/she is responsible for the work.
- Accountable: Primarily the person in charge of the task or work.
- Consulted: Person, who gives feedback, contributes as and when required.
- Informed: Person in charge that needs to know the action or decision taken.
- Out of scope: Person omitted from this process due to being out of scope.

Identifying key functions and processes within an organization is the first step towards using the RACIO chart tool. Then, the project needs to outline the activities that take place and should avoid any miscellaneous activities.

Following are the detailed steps for using RACIO chart tool:

- Explain each activity that had taken place.
- Create phrases to indicate the result of the decision made.
- Decisions and activities need to be applied to the role rather than targeting the person.
- Create a matrix, which represents the roles and activities and enter the RACIO Code created.

Once all the relevant data have been collated and input onto the RACIO chart tool, any discrepancies need to be resolved.

RACIO chart tool is a useful and effective decision making tool that helps to define roles and responsibilities. This is used to identify inefficiencies of project management roles.

It helps to resolve any functional issues that arise within groups (BoC and SET) or between individuals.

The main objective of RACIO chart tool is to eliminate role confusions and to be able to deliver the project successfully to the stakeholders and contribute to the long-term LLS objectives.

Figure 1: NSW xxx Project RACIO

6. Risk Management

This section outlines the risk associated with the delivery of the project and the Weeds CRT will manage these.

Risk rating matrix

NSW TRADE & INVESTMENT RISK MANAGEMENT FRAMEWORK

Consequence of risk occurring

In rating the consequence of the risk occurring, refer to the qualitative descriptors of consequence to be considered on the next page when determining which consequence rating from the table below is most appropriate.

Rating	Consequence
5 Extreme	<ul style="list-style-type: none"> Failure to meet the department's core outcomes The department's viability threatened /Severe reputational sensitivity
4 Major	<ul style="list-style-type: none"> Major threat to the delivery of core outcomes Major reputational sensitivity
3 Moderate	<ul style="list-style-type: none"> Moderate impact on some outcomes and strategies Moderate reputational sensitivity
2 Minor	<ul style="list-style-type: none"> Minor impact on some outcomes and strategies Minor reputational sensitivity
1 Insignificant	<ul style="list-style-type: none"> Minimal impact on strategies Minimal reputational sensitivity The consequences can be dealt with internally

Likelihood of risk occurring

Rating	Likelihood
5 Almost certain	<ul style="list-style-type: none"> The event is expected to occur in most circumstances (e.g. monthly to several times a year)
4 Likely	<ul style="list-style-type: none"> The event will probably occur in most circumstances (e.g. least once per year)
3 Possible	<ul style="list-style-type: none"> The event might occur at some time over (e.g. within next two years)
2 Unlikely	<ul style="list-style-type: none"> The event could occur at some time (e.g. every two to five years)
1 Rare	<ul style="list-style-type: none"> The event may occur only in exceptional circumstances (e.g. every five to ten years)

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

Legend

Very High	Immediate action required
High	Senior management attention needed
Moderate	Management responsibility must be specified
Low	Manage by routine procedures.
Very Low	Monitor change/variances in the likelihood and consequences

Analysis of risks in developing the project plan and mitigation measures, are included in Table 6.

Table 5: CRT identification of issues/ challenges for LLS in implementing weed reforms

Table 6: Risk assessment and management for the Weed Review project

Risk	Risk rating	Mitigation Strategy	Responsibility
[Redacted content]			

7. Engagement Plan

The following engagement plan has been developed to ensure effective engagement and involvement of both internal and external stakeholders.

Table 7: Stakeholder engagement plan for the xxx

Stakeholder	Level of Engagement	Method of Engagement	Timing	Responsibility	Key message to communicate
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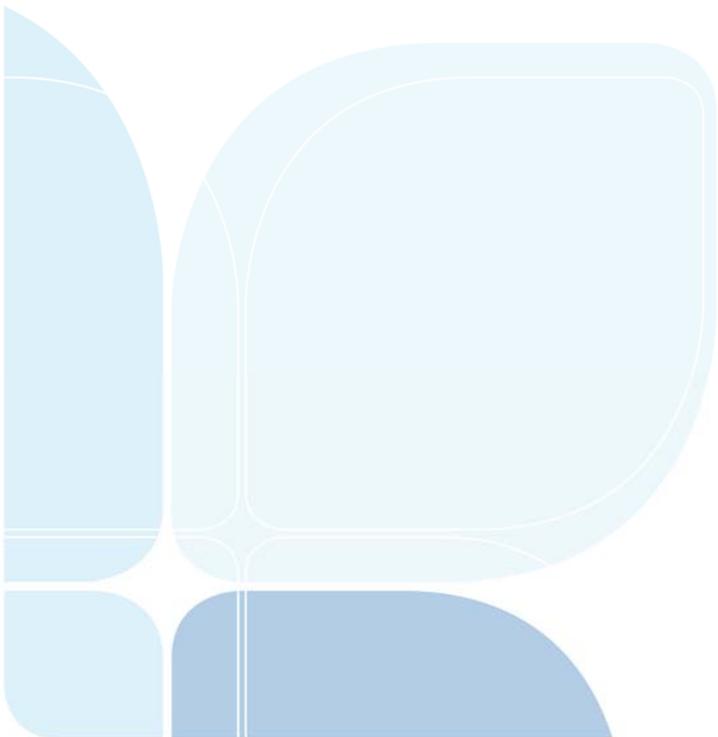
Table 8: Schedule of communications with Local Boards

Type	Reporting needs	Preferred medium	Timing	Responsibility
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8. References

xxx

Appendix 1 – xxx



Risk Management Plan

Risk No	Objective or activity (*refer to note)	Description of risk(s) (source of the risk(s), likely to effect the objective or activity)	Risk owner	Existing controls	Risk assessment			Risk treatment or reporting
					Likelihood of risk occurring (almost certain, likely, possible, unlikely, rare)	Consequence of risk occurring (extreme, major, moderate, minor, insignificant)	Risk rating (very high, high, moderate, low, very low)	Risk control measures (evaluation or treatment or mitigation or actions)
1	<i>Example: System stewardship</i>	<i>Changes to project scope as detailed in this document may delay the completion of this stage of the project</i>	<i>Project Manager</i>		<i>Possible</i>	<i>Extreme</i>	<i>Very High</i>	

*Note: Risks that are identified must be linked to the key result areas and their objectives within the Strategic Plan

Risk rating matrix

NSW TRADE & INVESTMENT RISK MANAGEMENT FRAMEWORK

Consequence of risk occurring

Rating	Consequence
5 Extreme	<ul style="list-style-type: none"> Failure to meet the department's core outcomes The department's viability threatened /Severe reputational sensitivity
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Likelihood of risk occurring

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

Legend

Very High	Immediate action required
High	Senior management attention needed
Moderate	Management responsibility must be specified
Low	Manage by routine procedures.
Very Low	Monitor change/variances in the likelihood and consequences