





































- Asset Management Plans;
- Capital and Operational Budgets;
- Annual Plan;
- Departmental Plans;
- Council / Elected Members;
- Occupational Health and Safety and Welfare;
- Key Performance Indicators - organisation and individuals;
- Business Continuity and Emergency Management Planning;
- Governance; and
- Business efficiency and productivity.

#### **11.4 Risk Identification**

The aim of risk identification is to develop a comprehensive list of the events that may create, enhance, prevent, degrade, accelerate or delay the achievement of objectives (remember risk is defined as being “the effect of uncertainty on objectives”). This includes identifying the risks associated with not pursuing an opportunity.

To assist in risk identification, ask the following questions - What can happen? - How can it happen? Consider the causal factors.

Each Flinders Council Department is responsible for identifying their risks and forwarding them to the Safety and Risk Officer for recording in the Risk Register. The Risk Register is in Excel format and an example of the format of the register is depicted in Appendix B of this Risk Management Framework.

In identifying risks, Departments need to consider a broad range of risk sources within the context of Flinders Council's strategies and operations. These risk sources are outlined in Section 5 of this Risk Management Framework.

Forums for identifying operational risk include but are not limited to:-

##### Risk Identification Workshops

The purpose of these workshops is to brainstorm risks with relevant Workers from each work area. As a result of these workshops, risks are captured and documented in the Risk Register. Managers are accountable for reviewing their area's registered risks formally at least on a half yearly basis, as part of the business planning process, in consultation with relevant Workers. Information is collated by the Safety & Risk Officer.

##### Risk Assessment Workshops/Discussions

The purpose of these discussions is to assess the likelihood and consequence of the risks identified with relevant Workers from each work area. As a result of these workshops risk rating details are captured and documented in the Risk Register. Managers are accountable for reviewing their area's registered and assessed risks formally at least on a half yearly basis, as part of the business planning process. Information is collated by the Safety & Risk Officer to formulate reporting.

The Risk Register is saved in the O:/Drive as part of Councils corporate information and records management. All Managers have access to this folder and are required to store all operational risk data at this location. The Safety & Risk Officer is the administrator of this folder.

#### Strategic Projects / Tender Management

Managers are accountable for identifying and assessing any risks emerging as a result of tenders. These risks are to be included on the project plan which is reviewed and maintained through the life of the project / change / improvement process. Any risks which eventuate as a result of the project / change / improvement process, and are of an ongoing nature, should be recorded in the Risk Register.

#### Customer Requests Process/Review of Audit Findings / Loss Data

Systemic issues / risks can be identified upon review of this data. These risks are to be included in the Risk Register accordingly.

#### Strategic and Annual Planning Process

Departments are required to review their risks in the Risk Register as part of their annual planning and budgeting process usually in November-February of each year. This enables the risk profile and risk control activity to be considered as part of formulating future plans, improvements, business cases and budgeting needs.

#### Accident / Incident Reporting

Accidents, incidents and hazards are to be reported using Flinders Council's reporting process. This information and subsequent analysis may result in the identification of systemic / operational risks. These will be communicated back to relevant stakeholders to be appropriately managed in line with the risk management process.

### **11.5 Risk Analysis**

Risk analysis involves consideration of the sources of risk, their positive and negative consequences and the likelihood that those consequences may occur. The risk assessment likelihood and consequence scales are provided in Appendix C and Appendix D. Appendix E details consequence scales for Project Risk Assessment. Each category of the consequence scale is based on the types of risks that may potentially impact Council's operations.

Existing controls and their effectiveness and efficiency should also be taken into account. For each identified risk ask "Is there anything currently in place that would effectively lessen the likelihood or impact of the risk?" If there are controls in place, then ask "Are the controls effective?", "Can the risk be shared / transferred?" The risk can then be revaluated.

A risk rating is determined by combining the likelihood and the consequence ratings using the risk matrix provided in Appendix F.

Risk analysis is about developing an understanding of the risk. It is this analysis which provides input into the decision on whether the risk needs to be controlled or controlled further and the most appropriate and cost-effective manner of treatment.

The method of analysing risks is undertaken in two parts:-

1. Risks are measured against established criteria for likelihood (see Appendix C) and consequence (see Appendix D and Appendix E for projects).
2. The final risk score (overall risk rating) is calculated as the product of the likelihood and consequence scores and rated in accordance with the matrix in Appendix F.

### 11.6 Risk Evaluation

Risk evaluation is done to assist in decision making – the legend below identifies the actions necessary for different risk ratings.

#### **Legend**

<b>Extreme</b>	High risk, urgent and immediate attention required. Risk Treatment Plan must be prepared. Cannot be accepted as part of routine operations. Senior Management responsibility must be specified.
<b>High</b>	Significant risk, attention required. Risk Treatment Plan must be prepared. Senior Management responsibility must be specified. Can be accepted as part of routine operations but Risk Treatment Plan must first be approved by the Senior Manager responsible.
<b>Moderate</b>	Moderate risk; management responsibility must be specified. Risk Treatment Plan required.
<b>Low</b>	Low risk; manage by routine procedures. Risk Treatment Plan not required.

The purpose of risk evaluation is to determine, based on the outcomes of risk analysis, which risks need treatment and the treatment priorities. The risk evaluation can also lead to a decision not to treat the risk in any way other than maintaining existing controls. Information from the risk assessment (analysis and evaluation) must be entered into the Risk Register.

### 11.7 Risk Treatment

Risk treatment involves identifying the range of options for treating risks, assessing these options and the preparation and implementation of treatment plans. By treating the risk the aim is to either:-

- Eliminate the risk – repair damage/remove risk;
- Avoid the risk - by deciding not to continue with the activity;
- Take the risk - in order to pursue an opportunity;
- Share the risk – to minimise likelihood and consequences;
- Isolate the risk – relocate the risk, tag out, lock out, install barriers;

- Engineer out the risk – improve the process to remove the risk by mechanical means e.g. use a trolley to move heavy equipment and minimise manual handling;
- Administrate the risk – procedural provisions e.g. rotate jobs, ensure adequate training and maintenance;
- Using Personal Protective Equipment (PPE) – use hearing, eye, head, hand, face protection and train Workers in its correct use; or
- Retain the risk - by implementation of adequate control measures.

In order to select the most appropriate treatment action it is necessary to balance the cost of implementing each option against the benefits derived from it. It is also necessary for consideration to be given to all direct and indirect costs and benefits financial or otherwise.

Risk Treatment Plans are developed and a hyperlink is added to the risk in the Risk Register. This hyperlink automatically links the risk with the relevant Risk Treatment Plan.

### **11.8 Monitor and Review**

Ongoing review of the Risk Management Framework and its effectiveness is essential to ensure that risks identified and registered in the Risk Register, are assessed and associated treatment options remain relevant. Factors that affect the likelihood and consequence may change, as may the factors that affect the suitability or cost of the treatment options.

The required actions as outlined in the Risk Evaluation section above outline the monitoring and review actions which are undertaken as part of this Framework:-

- The Risk Register is formally reviewed on a half yearly basis. One of the half yearly reviews should be scheduled to coincide with the Annual Business Planning and Budget Process.  
As part of the Annual Business Planning and Budget Process, Departments are required to review their risks and associated action plans to treat risks. This contributes towards determining work priorities and ensuring appropriate resources are assigned to manage and control risks.
- The Risk Management Framework and Policy are reviewed every two (2) years by the Safety & Risk Officer and Executive Management. The outcomes and records of this review are maintained on file.
- A report shall be presented to Council on a regular basis and should include status of risks in the Risk Register, insurance claims and details of relevant audit results.

A review of the Risk Management Framework will consider the following:-

- Are the risk management objectives aligned with the organisations strategic intent?
- Do the risk management initiatives reflect the realities of the current environment in which Council is operating?
- Are the outcomes of risk management able to be effectively measured?
- Do the risk management initiatives generate value for Council?
- Does the information provided allow Senior Management to make decisions about whether to expand or contract resources and effort in managing risk exposures?
- Is information provided in a clear and concise manner for evaluation by Senior Management?

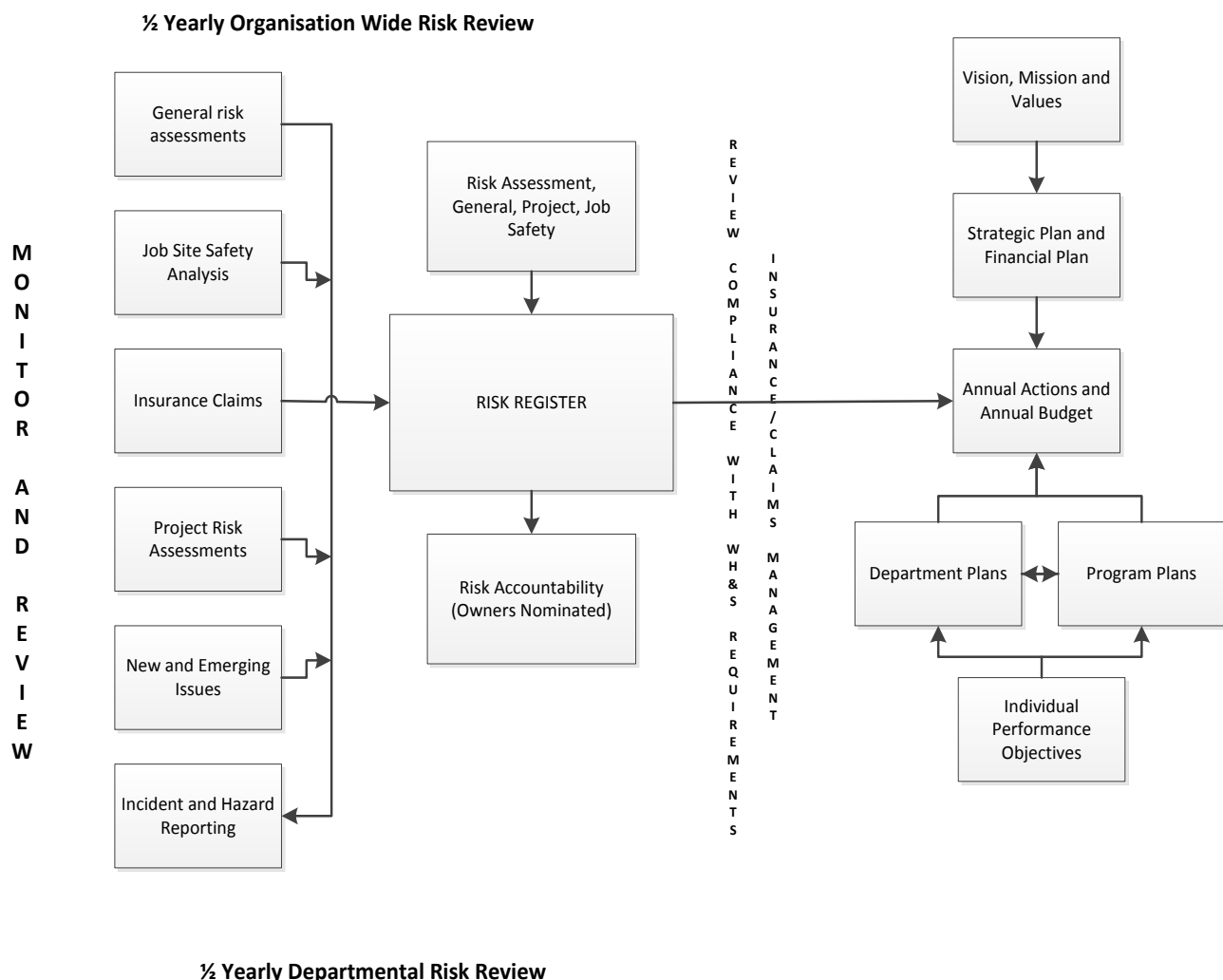
Furthermore, an assessment of the effectiveness of the risk management program at Flinders Council will be undertaken following implementation of this Framework to ensure that it meets the objectives. This assessment will be undertaken via:-

- Survey to stakeholders;
- Implementation and monitoring of key risk indicators;
- Formal assessment of incident and loss data against key risk indicators; and
- Internal audit of the program.

## 12. RISK MANAGEMENT PLAN

### 12.1 Risk Management Plan Components

The diagram below depicts an overview of the flow of business process and strategies at Flinders Council in supporting the management of risk in alignment with this Framework.



### 13. REPORTING

To ensure transparency of risk management information across Flinders Council, a series of reports will be produced throughout the year. The table below outlines a list of reports that will be produced as an outcome of risk management activity:-

Report	Frequency	Prepared by	Audience
<ul style="list-style-type: none"> <li>▪ <b>Department Half Yearly Risk Register Review</b>  Timing: October and May</li> <li>▪ <b>Corporate Half Yearly Risk Report</b>  Timing: November and June</li> <li>▪ <b>Corporate Risk Report:</b> Overview of Top 10 Corporate Risks. Executive Summary outlining remaining risks across the organisation and general risk profiles  Timing: Report to be tabled at the next Council meeting following review period in October and May.</li> </ul>	<p>Half Yearly</p> <p>Half Yearly</p> <p>Half Yearly</p>	<p>Departmental Manager</p> <p>Corporate Services Manager, Safety and Risk Officer</p> <p>Corporate Services Manager, Safety and Risk Officer</p>	<p>Safety and Risk Officer, Senior Managers</p> <p>Safety and Risk Officer, Senior Managers</p> <p>Council, Senior Managers</p>
<ul style="list-style-type: none"> <li>▪ <b>Claims Management Report:</b> report of all asset, public liability, motor vehicle and workers compensation claims including analysis and trend data.</li> </ul> <p><b>Unscheduled Reports</b></p> <ul style="list-style-type: none"> <li>▪ <b>Hazards and Incidents/Risk events:</b> report of any major or severe risk events / incidents including remedial action</li> <li>▪ <b>New and emerging risks/issues</b></li> <li>▪ <b>Continuing critical issues</b></li> <li>▪ <b>Escalation of risk non-performance</b></li> </ul>	<p>Half Yearly</p> <p>As required</p> <p>As required</p> <p>As required</p>	<p>Corporate Services Manager, Safety and Risk Officer</p> <p>Relevant Departmental Manager</p> <p>Corporate Services Manager, Safety and Risk Officer</p> <p>Responsible Officer</p> <p>Corporate Services Manager, Safety and Risk Officer</p>	<p>Council, Senior Managers</p> <p>Corporate Services Manager, Safety and Risk Officer, Senior Managers</p> <p>Senior Managers</p> <p>Senior Managers</p>

## 14. RELATED DOCUMENTS

- Flinders Council Risk Management Policy (Appendix A)
- Flinders Council Risk Register (Appendix B – Example)
- Risk Likelihood Criteria (Appendix C)
- Consequences Scale (Appendix D)
- Project Risk Consequence Criteria (Appendix E)
- Overall Risk Rating (Appendix F)
- AS/NZS ISO 31000 Risk Management
- *Work Health and Safety Act 2012*
- *Work Health and Safety (Transitional and Consequential Provisions) Act 2012*
- *Work Health and Safety Regulations 2012*
- *Work Health and Safety (Transitional) Regulations 2012*
- Flinders Council OH&S Policy

### Forms

- Flinders Council Risk Assessment Tool
- Flinders Council Accident /Incident Report Form
- Flinders Council General Risk Assessment Form
- Flinders Council Risk Treatment Plan Form
- Flinders Council Complaint Register Form
- Flinders Council Job Safety Analysis – SWMS Form

### Procedures

- Flinders Council Accident & Incident Reporting - General - 03
- Flinders Council Job Safety Analysis – SWMS - General - 04
- Flinders Council Safety Inspection & Hazard Control - General - 06
- Flinders Council Complaints Procedure - General - 13
- Flinders Council Contractor Management & Supervision - General - 15

## 15. APPENDICES

### Appendix A – Risk Management Policy

<b>SUBJECT:</b> <i>RISK MANAGEMENT POLICY</i>	<b>FILE NO:</b>	FIN/1003
<b>ADOPTED BY COUNCIL ON:</b> 11 July 2002	<b>MINUTE NO:</b>	312.07.02
<b>AMENDED BY COUNCIL ON:</b> 11 July 2003	<b>MINUTE NO:</b>	312.07.02
<b>AMENDED BY COUNCIL ON :</b> 25 August 2005	<b>MINUTE NO:</b>	486.08.05
<b>AMENDED BY COUNCIL ON :</b> 20 August 2009	<b>MINUTE NO:</b>	307.08.09
<b>AMENDED BY COUNCIL ON:</b> 23 September 2010	<b>MINUTE NO:</b>	292.09.10
<b>AMENDED BY COUNCIL ON:</b> 14 July 2011	<b>MINUTE NO:</b>	201.07.11

#### Objective / Purpose

This Policy is to define the principles for the implementation and associated responsibilities of a comprehensive Risk Management Framework and System within Flinders Council.

Flinders Council recognises that it has the responsibility to reasonably identify and address all significant threats and opportunities associated with:

1. Business Continuity and Business Systems
2. Environment
3. Finance and Economic
4. Health and Safety
5. Infrastructure and Assets
6. Legal Compliance and Liability
7. Political
8. Reputation
9. Staff
10. Strategy and Governance

#### Scope

Council recognises that risk management is essential for sound strategic and financial planning and management. Apart from minimising financial loss and adverse publicity, risk management must balance legal requirements and public expectations, together with providing for the safety and wellbeing of Workers and the community in general.

This Policy applies to the Mayor and Councillors, Managers, Workers and Representatives of Flinders Council. They are responsible for the identification and management of all risks associated with the performance of Council functions and the delivery of Council services.

#### Statement of Commitment

Council will ensure that the organisation, its workers and the community are reasonably protected against loss through the application of sound management principles and practices to eliminate or minimise exposure to risks and adverse impact on corporate objectives.

This Policy in conjunction with the Risk Management Framework defines the responsibilities of those involved in the process of managing risk. Flinders Council's commitment to risk management is to be embraced by the Mayor and Councillors, Managers, Workers and Committees engaged in Council business.

Flinders Council is committed to managing its risks by identifying, analysing, evaluating, treating, monitoring and communicating all risks that impact on Council's ability to achieve its vision and strategic objectives.



The objectives for Risk Management at Flinders Council are:-

- Identify and analyse Council's liability associated with risk;
- Encourage the identification and reporting of potential risks;
- Minimise any potential liabilities;
- Protect the community against losses that are controllable by Council;
- Reduce the cost of insurance premiums;
- Provide a basis for higher standards of accountability;
- Allow for more effective allocation and use of resources;
- Set performance standards and regular review and improve practices and procedures;
- To promote and raise the awareness of risk management practices throughout the organisation;
- Protect Councils' corporate image as a professional, responsible and ethical organisation.
- Ensure that sound risk management practices and procedures are fully integrated into Council's strategic and operational planning processes;
- The Risk Management approach is effectively supported by consultation and communication at all levels;
- Remedial actions identified as a result of incident investigations are documented, implemented and communicated effectively to prevent recurrence;
- Appropriate risk treatment strategies will be included in organisational procedures and processes needed to assist Council in achieving its' business outcomes. These strategies will be in accordance with relevant standards, codes of practice and appropriate legislative guidelines;
- All Workers with specific risk management responsibilities are aware of and effectively exercise those responsibilities. Responsibilities are documented in Position Descriptions;
- The Mayor and Councillors, Workers, Committees, Lease Holders and the public cooperate to create a safe environment and preserve assets for the future;
- Adequate information, training and supervision are provided to all Workers, Councillors, Lease Holders and Committees; and
- The Risk Management Framework and associated processes and tools are documented, recorded and reviewed on a regular basis to ensure on going suitability to the organisation's needs.

### **Stakeholders**

Stakeholders may include but are not limited to:-

All Workers, Councillors, Committees, General Community, Visitors, Lease Holders, Interested Parties.

### **Communication**

Updates and improvements to policies, procedures and associated risk tools must be communicated to relevant audiences to ensure they understand the current risk methods.

### **Legislation and Related Documents**

- AS/NZS ISO 31000:2009 Risk Management
- *Work Health and Safety Act 2012*
- *Work Health and Safety (Transitional and Consequential Provisions) Act 2012*
- *Work Health and Safety Regulations 2012*
- *Work Health and Safety (Transitional) Regulations 2012*
- Flinders Council Risk Management Framework
- Flinders Council Risk Register
- Flinders Council OH&S Policy

## **Definitions**

A person is a Worker if the person carries out work in any capacity for a person conducting a business or undertaking, including work as –

- (a) an employee; or
- (b) a contractor or subcontractor; or
- (c) an employee of a contractor or subcontractor; or
- (d) an employee of a labour hire company who has been assigned to work in the person's business or undertaking; or
- (e) an outworker; or
- (f) an apprentice or trainee; or
- (g) a student gaining work experience; or
- (h) a volunteer; or
- (i) a person of a prescribed class.

*(Work Health & Safety Act 2012)*

## **Responsibilities**

The Risk Management Policy is the responsibility of the General Manager, with assistance from the OH&S and Risk Management Officer.

This Policy shall be reviewed every two years by the OH&S and Risk Management Officer, the General Manager and the Senior Management Team to ensure its continued suitability and effectiveness against the requirements of AS/NZS ISO 31000:2009 and Council's Risk Management Framework.



**APPENDIX C - Risk Likelihood Criteria**

**Likelihood Scales**

<b>Rating</b>	<b>Recurrent Risks</b>	<b>Single Events</b>
Almost Certain	Could occur several times per year	More likely than not 90-99%
Likely	May arise about once per year	As likely as not 70-89%
Possible	May arise once in 5 years	Less likely than not but still possible 30-69%
Unlikely	May arise once in 10 years	Unlikely but not impossible 10-29%
Rare	Unlikely to occur during the next 10 or more years	Negligible 1-9%

## APPENDIX D – Consequence Scales

Consequence Rating		Business Continuity & Business Systems (BC)	Environmental (EN)	Financial and Economic (FE)	Health and Safety (HS)
Catastrophic	5	The continuing failure of Council to deliver essential services. The removal of key revenue generation.	Widespread and irreversible environmental impact attributed by the courts to be negligent or incompetent actions of Flinders Council.	Financial impact could not be managed within Council budget. Services seriously affected. Huge financial loss.	Death - Loss of life probable and serious injury inevitable.
Major	4	Widespread failure to deliver several major strategic objectives and service plans. Long-term failure of Council causing lengthy service interruption.	Environment seriously impacted but able to recover over an extended period 5 – 10 years. Requiring significant remedial action. Penalties and/or direction or compliance order incurred.	Requires significant reworking of Council's budget. Financial cutbacks will affect services. Major financial loss	Loss of life possible and serious injury probable. Isolated instances of serious injuries or loss of life.
Moderate	3	Failure to deliver minor strategic objectives and service plans. Temporary & recoverable failure of Council causing intermittent service interruption for a week.	Environment impacted but able to recover over a short period. Within 5 years. No long term or irreversible damage. May incur cautionary notice or infringement notice.	Minor reworking of Council budget required but manageable. No service interruption. High financial loss.	Loss of life unlikely but serious injury possible. Medical treatment required.
Minor	2	Temporary and recoverable failure of Council causing intermittent service interruption for some days.	Minimal environmental impact, able to manage with some intervention. Minor environmental damage such as remote temporary pollution.	Financial impact manageable. Medium financial loss.	Serious injury unlikely but minor injury probable. First Aid treatment. Serious near miss.
Insignificant	1	Negligible impact of Council, brief service interruption for several hours to a day.	Minimal environmental impact, able to be monitored and managed by routine procedures. Brief, non-hazardous, transient pollution or damage.	Financial impact easily manageable within Council's budget. Low financial loss.	No injuries - Minor injury possible. Appearance of threat but no actual harm.

Consequence Rating		Staff (ST)	Reputation (RE)	Infrastructure & Assets (IA)	Political (PO)	Legal Compliance & Liability (LL)
Catastrophic	5	Staff issues cause continuing failure to deliver essential services.	Loss of State Government support with scathing criticism and removal of the Council. National media exposure.	Widespread, long term loss of substantial key assets, infrastructure and/or IT network/hardware.	Loss of power and influence restricting decision making and capabilities. Dismissal of Council by State Government.	Regulatory or contract breaches causing very serious litigation, including major class action. An event occurring outside Flinders Council's insurance cover. Significant prosecution / fines for Flinders Council & individuals.
Major	4	Staff issues cause widespread failure to deliver several major strategic objectives and long term failure of day to day service delivery.	State media and public concern/exposure with adverse attention and long-term loss of support from Flinders Island residents.	Widespread, short to medium term loss of key assets, infrastructure and/or IT network/hardware.	Adverse impact and intervention by State Government.	Major regulatory or contract breaches and litigation. Liability implications and fines for Managers.
Moderate	3	Staff issues cause failure to deliver minor strategic objectives and temporary and recoverable failure of day to day service delivery.	Significant state wide concern/exposure and short to midterm loss of support from Flinders Island residents.	Short to medium term loss of key assets, infrastructure and/or IT network/hardware.	Adverse impact and intervention by the Department of Premier and Cabinet.	Regulatory or contract breaches causing investigation / report to authority and prosecution and moderate fines.
Minor	2	Staff issues cause several days interruption of day to day service delivery.	Minor local community concern manageable through good public relations.	Minor loss/damage. Repairs required.	Adverse impact by another local government.	Minor regulatory or contract breaches causing likely prosecution and minor fines.
Insignificant	1	Staff issues cause negligible impact of day to day service delivery.	Transient matter, e.g. customer complaint, resolved in day-to-day management.	Damage where repairs are required however facility/ infrastructure/network/hardware is still operational.	Negligible impact from another local government.	Negligible regulatory breaches that are detected early and rectified. Insignificant legal issues & non-compliance.

**APPENDIX E – Project Risk Consequence Criteria**

Consequence Rating		Financial	Project Timeframe (extension measured in days)	Project Objectives
Severe	5	Risk event results in increased funding required to meet project objectives by more than 35% of original project budget.	Risk event results in project timeframe extended by more than 50% of original project duration.	Risk event results in failure of the project to meet all required objectives.
Major	4	Risk event results in increased funding required to meet project objectives by 20-35% of original project budget.	Risk event results in project timeframe extended by 35-50% of original project duration.	Risk event impacts a significant portion of key project objectives requiring major changes to project scope and work to achieve required outcomes.
Moderate	3	Risk event results in increased funding required to meet project objectives by 10-20% of original project budget.	Risk event results in project timeframe extended by 20-35% of original project duration.	Risk event impacts numerous key project objectives. Considerable effort including some change to the scope of the project is required to achieve required outcomes.
Minor	2	Risk event results in increased funding required to meet project objectives by 5-10% of original project budget.	Risk event results in project timeframe extended by 10-20% of original project duration.	Risk event impacts isolated key project objectives. Additional minor effort is required to ensure that all objectives are met.
Insignificant	1	Risk event results in increased funding required to meet project objectives by up to 5% of original project budget.	Risk event results in project timeframe extended by up to 10% of original project duration.	Risk event does not have any major impact on the achievement of key project objectives.

APPENDIX F - Overall Risk Ratings

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Medium	Medium	High	Extreme	Extreme
Likely	Low	Medium	High	High	Extreme
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	Medium
Rare	Low	Low	Low	Low	Medium