



FLINDERS
COUNCIL

RISK MANAGEMENT FRAMEWORK

September 2013

Table of Contents

1.0 BACKGROUND.....	3
2.0 INTRODUCTION.....	3
3.0 STATEMENT OF COMMITMENT.....	3,4
4.0 OBJECTIVES.....	5,6
5.0 SCOPE.....	6,7
Figure 1 - The Relationship between the Risk Management Principles. Framework & Process.....	8
Figure 2 – Flow Chart of Flinders Council Risk Management Process.....	9
6.0 BUSINESS SYSTEMS.....	10
6.1 Strategic Direction and Governance.....	10
6.2 Decision Making.....	10
6.3 Business Continuity Planning.....	10
6.4 Contract Administration Process.....	10
6.5 Financial and Asset Management Planning.....	10
6.6 Event Planning.....	10
6.7 Project Management.....	10
7.0 PLANNING AND RESOURCING.....	11
7.1 Resource Management.....	11
7.2 Continuous Improvement.....	11
7.3 Links to Councils Planning and Budget Cycles.....	11
7.4 Budget Planning and Prioritisation.....	12
7.5 Risk Assessments.....	12
8.0 KEY PERFORMANCE INDICATORS (KPI'S).....	12
9.0 ROLES AND RESPONSIBILITIES.....	13-15
10.0 COMMUNICATION PLAN.....	16
10.1 Objectives.....	16
10.2 Communication Methods.....	16
10.3 Progress Reports to Workers.....	16
10.4 Progress Reports to Mayor and Councillors.....	16
10.5 Progress Reports to Community.....	17
11.0 RISK MANAGEMENT PROCESS.....	17
11.1 Overview.....	17
11.2 Communication and Consultation.....	17
11.3 Risk Management Context.....	18
11.4 Risk Identification.....	18,19
11.5 Risk Analysis.....	20
11.6 Risk Evaluation.....	20
11.7 Risk Treatment.....	21
11.8 Monitor and Review.....	21,22
12.0 RISK MANAGEMENT PLAN.....	23
12.1 Risk management Plan Components.....	23
13.0 REPORTING.....	24
14.0 RELATED DOCUMENTS.....	25
15.0 APPENDICES.....	26
Appendix A - Flinders Risk Management Policy.....	26-28
Appendix B - Risk Register Example.....	29
Appendix C - Risk Likelihood Criteria.....	30
Appendix D - Consequence Scales.....	31,32
Appendix E - Project Risk Consequence Criteria.....	33
Appendix F- Overall Risk Ratings.....	34

1. BACKGROUND

Risk is inherent in all aspects of an organisation's activities. AS/NZS ISO31000:2009 - Risk Management Principles and Guidelines ('the Standard') defines risk as "the effect of uncertainty on objectives".

Risk management refers to the coordinated activities to direct and control an organisation with regard to risk. Flinders Council's Risk Management Framework is the set of components that articulate the organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.

Risk management involves establishing a customised Risk Management Framework, a risk aware culture, and applying logical and systematic risk management processes to all stages of the life cycle of any decision, activity, function or operation that includes the potential for risk.

2. INTRODUCTION

Risk Management is critical to Flinders Council's ability to achieve the key result areas contained in its Strategic Plan.

By fostering a vibrant risk management culture that encourages Workers at all levels to systematically apply all the principals and procedures outlined in the Framework. Flinders Council seeks to minimise resource waste and ensure that all Council decisions, events, activities and projects are undertaken with consideration of risk to the organisation, its people and its community.

Achievement of the Strategic Plan and key results areas depends upon factors including:-

- The health and well-being of its people;
- Due care towards our customers and the community;
- The protection of our assets; and
- Incorporating legislative requirements into our work processes.

3. STATEMENT OF COMMITMENT

Flinders Council will ensure that 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. Risk Management:-

- Creates and protects value;
- Is an integral part of all organisational processes;
- Is part of decision making;
- Explicitly addresses uncertainty;
- Is systematic, structured and timely;
- Is based on the best available information;
- Is tailored;
- Takes human and cultural considerations into account;
- Is transparent and inclusive;
- Is dynamic, iterative and responsive to change; and
- Facilitates continual improvement.

Annexure 4 - Item C1 - September 2013

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.

Flinders Council's Risk Management Framework demonstrates commitment to risk management, to be embraced by all Workers, Councillors and Committees engaged in Council business and defines the responsibilities of those involved in the process of managing risk.

Flinders Council is committed to implementing a consistent and structured organisation wide approach to risk management in order to achieve an appropriate balance between realising opportunities for gains and minimising losses. Council is committed to managing risk at strategic and operational levels to ensure that it makes informed decisions with respect to all activities by appropriately considering both risks and opportunities as outlined in Flinders Council's Risk Management Policy (Appendix A).

Flinders Council acknowledges that the adoption of a strategic and formal approach to risk management will provide numerous benefits. These benefits include but are not limited to:-

- Good corporate governance;
- Compliance with relevant legislation;
- Protecting people's safety;
- Proactive rather than reactive management;
- Rigorous decision making and planning; the right decisions for its people and our community;
- Improved identification of opportunities and threats;
- More effective allocation and use of resources;
- Improving Workers confidence;
- Maintaining a positive public image;
- More effective asset management;
- Limiting exposure to litigation;
- A clear understanding by all stakeholders of their roles, responsibilities and accountabilities for managing risk;
- The development of a more risk aware organisational culture through enhanced communication, measurement and reporting of risk.

The Framework builds on the objectives of Flinders Council's Risk Management Policy and outlines the methodology adopted to identify, assess, manage and report on all risks in the organisation to ensure all parties understand how risk is managed. The Framework integrates the process for managing risk into the organisation's various activities.

The Framework supports Flinders Councils' Vision, Mission and Values:-

Our Vision

A thriving, inclusive and self-reliant community that offers opportunities for current and following generations while maintaining the diversity, uniqueness and attractiveness of the natural environment.

Our Purpose

To provide leadership, services and support which contribute to the wellbeing and sustainability of the Furneaux community and its environment.

Values and Behaviours

Flinders Council is required that in striving to achieve Council's Vision; all Councillors and staff aim to behave in such a way that is consistent with Council's Values. These are Leadership, Equity, Community Involvement, Responsiveness and Quality.

4. OBJECTIVES

The aim of the Risk Management Framework is not to eliminate risk, rather to manage risk on an ongoing basis in a consistent way across the organisation, whilst maximising opportunities and minimising adversity. It provides a system for the setting of priorities when there are competing demands on limited financial and employee resources. Furthermore, the Framework supports the transparency of risk information to all stakeholders and interested parties.

Risks emerge as circumstances change – risk is dynamic and as such the process of risk management is continual. Risk management will form part of how we do our work and deliver services to our community on a day to day basis. Responsible risk management activity must be a part of the normal management practice and actions of Workers.

Flinders Council will utilise the framework provided by the Risk Management Standard ISO 31000 and its successors, to develop and implement its approach to:

- Risk identification
- Risk analysis
- Risk evaluation
- Risk treatment
- Monitoring and review
- Communication and consultation

Risk management will be incorporated into the strategic, annual and operational planning processes at all levels within Flinders Council.

Key objectives of the Risk Management Framework include providing Council with the tools required to practice effective risk management. The Framework is designed to ensure that:-

- Sound risk management practices and procedures are fully integrated into Council's strategic and operational planning processes;
- Threats and opportunities associated with all documented key result areas are identified, evaluated, treated, monitored and communicated in accordance with the process outlined in AS/NZS ISO 31000:2009 Risk Management;
- 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 Council Workers with specific risk management responsibilities are aware of and effectively exercise those responsibilities. Responsibilities are documented in Position Descriptions;

Annexure 4 - Item C1 - September 2013

- All Council stakeholders i.e. Workers, Mayor and Councillors, 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 ongoing suitability to the organisation's needs.

5. SCOPE

A risk event can result from an occurrence or change of a particular set of circumstances. The effect is a deviation from the expected and can be positive and/or negative. Risk sources within the context of Flinders Council's operations include:-

- **Business Continuity and Business Systems** - *Covers business continuity issues (including IT issues), including those attributable to natural and man-made disasters.*
- **Environment** - *Covers environmental performance of Council's operations including adverse outcomes relating to aboriginal heritage, air, fauna, flora, water, waste, noise & vibration, land, sustainability, hazardous materials.*
- **Finance and Economic** - *Covers financial capacity, availability of capital, the current economic environment, financial management and reporting, knowledge management, efficiency of systems, processes and organisational structure.*
- **Health and Safety** - *Covers Public & Work Health and Safety issues.*
- **Infrastructure and Assets** - *Covers Council's Asset Management (Including IT Network and Hardware), Buildings, Roads, Bridges, Plant & Equipment.*
- **Legal Compliance and Liability** - *Covers legal compliance and liabilities attributable to non-compliance with statutory obligations, including class actions, public liability claims, product liability, professional indemnity and public health and safety.*
- **Political** - *Covers the external political environment in which Council operates, including inter-governmental relations, state and national policies and relations with special interest groups.*
- **Reputation** - *Covers Council's reputation with the community, customer service and capability as a regulator.*
- **Strategy and Governance** – *Covers the strategic direction of the organisation.*
- **Staff** - *Covers human resources, industrial relations and organisational culture particularly relating to staff values, standards of integrity and public accountability.*

The diagram below (Figure 1) captures the relationships between risk management principles, the framework and process.

Figure 1- The Relationships between the Risk Management Principles, Framework & Process

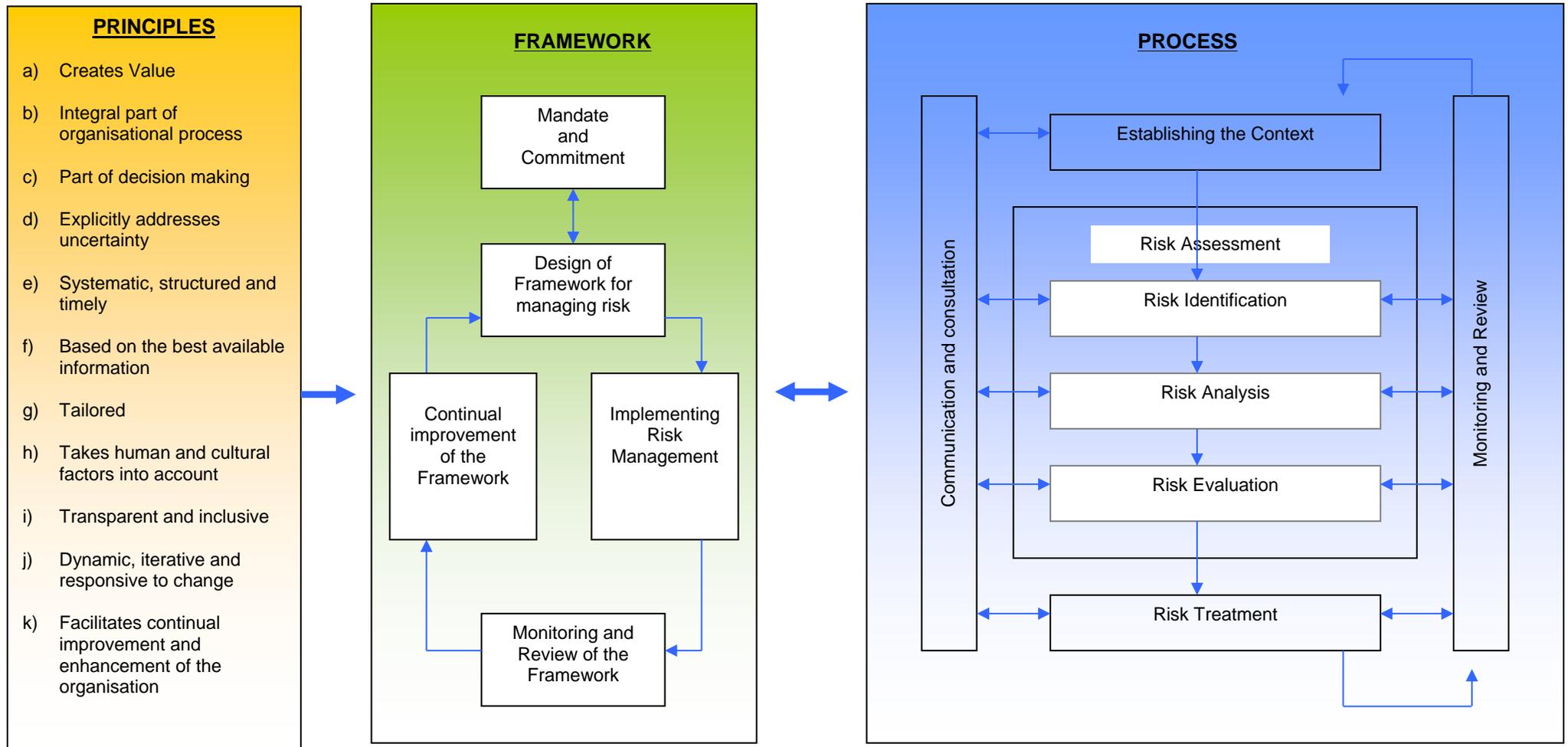
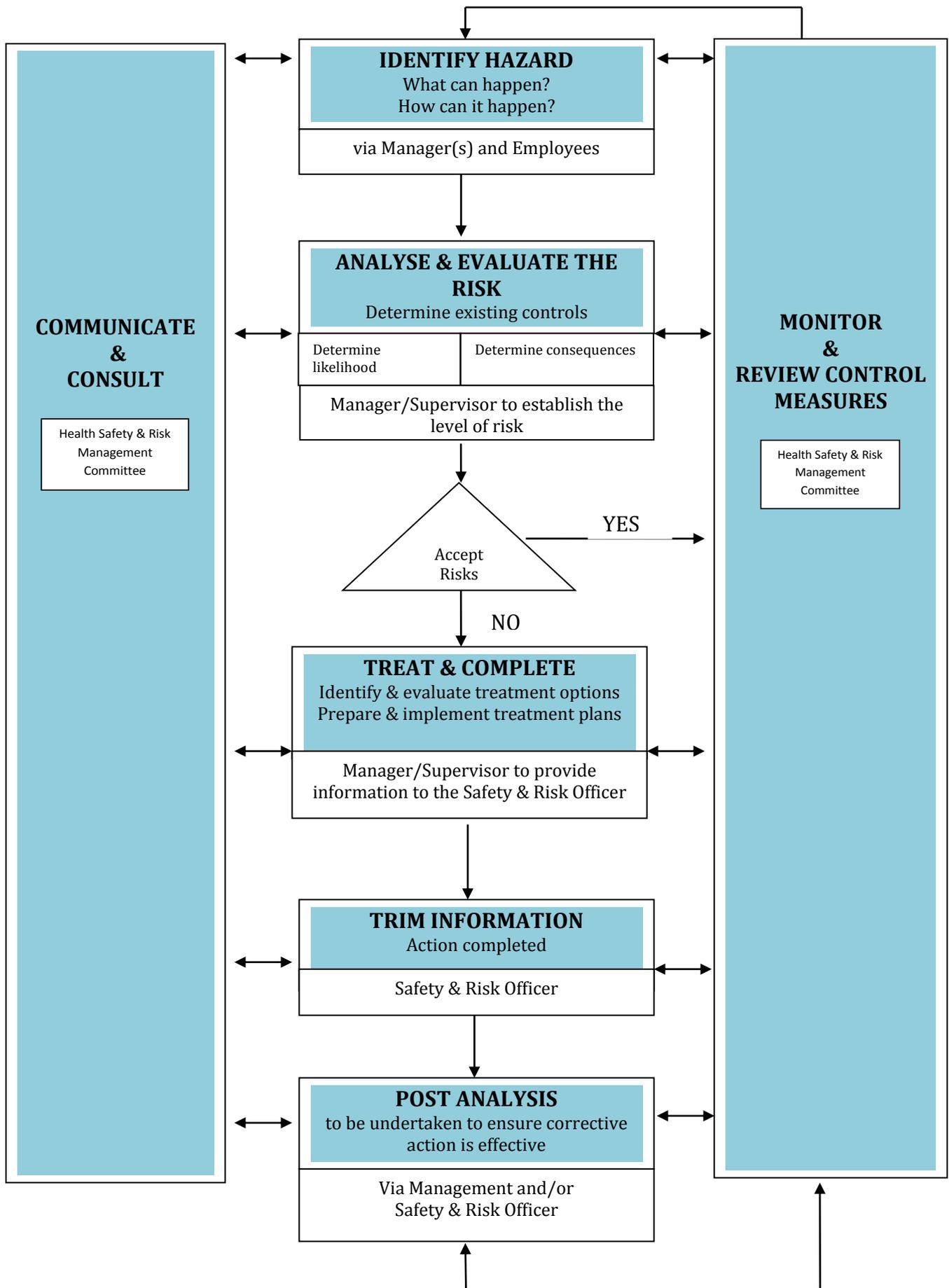


Figure 1- Source: AS/NZS ISO31000:2009 Risk Management Principles and Guidelines

Figure 2 - Flow Chart of Flinders Council Risk Management Process



6. BUSINESS SYSTEMS

The Risk Management Framework is one component of business systems within Flinders Council. The Framework aims to build resilience in the planning of service delivery for Flinders Council's Municipality by highlighting the strengths of current operating practices whilst identifying the areas for improvement. The Framework supports the existing programs and initiatives undertaken by Flinders Council to manage its risk to ensure delivery of the Strategic and Annual Plan goals and objectives.

This Framework is applicable to all Flinders Council operations and functions - including activities carried out under its direction, the public infrastructure it controls and those situations where Workers are required to work on Council projects.

6.1 Strategic Direction and Governance

Risk is considered and assessed during strategic planning and by Council when making decisions that impact on stakeholders.

6.2 Decision Making

Risk is considered and assessed prior to decisions being made at all levels.

6.3 Business Continuity Planning

Risk management will support Council's Business Continuity Policy and Plan once it is developed by identifying issues and events that may pose a threat to the continuation of business and impact our community.

6.4 Contract Administration Process

The contract administration process of Council is supported by the Risk Management Framework as effective risk management aids in the identification of issues and events that may impact the contract preparation and implementation phase.

6.5 Financial and Asset Management

The Risk Management Framework operates to enhance Flinders Council's Financial and Asset Management Plans by ensuring that effective processes are in place to manage the risks to Council's assets.

6.6 Event Planning

Effective risk management processes are crucial to efficient planning and delivery of events that ensure public safety and event success.

6.7 Project Management

Risk management is an integral part of project management. It is imperative that risks are identified at the project development stage so that designs and processes can be adjusted continually to minimise or eliminate exposure to risk.

7. PLANNING AND RESOURCING

7.1 Resource Management

The Risk Management Framework acknowledges that there are and always will be limitations and challenges to Council resources to deal with the treatment of risk.

However, identification of risks should not be limited by the reality that there may be insufficient funds to immediately improve how we currently manage all of Council's risks.

The Framework approaches the understanding and identification of risks faced by Council in the broadest context. The approach to be used is to identify risks without consideration of cost of treatment but manage those risks with a view to maximising existing resources.

In accordance with its common law 'duty of care' statutory responsibilities and Council Policy, the Council will ensure that resources are allocated to:

- Minimise Council's exposure to loss and litigation;
- Protect and enhance Council's reputation;
- Protect Council's financial and physical assets;
- Maintain employee and public health and safety; and
- Ensure continuous improvement in the Risk Management Process.

7.2 Continuous Improvement

Flinders Council is committed to continuous improvement and the pursuit of excellence – in service delivery and business processes. The Framework complements the methodology of continuous improvement by consideration of:

- Consultation and communication;
- Cost/Quality;
- Effective resource use;
- Financial sustainability; and
- Accountability.

This approach is based on the philosophy that it is better to be aware of risks (even knowing that only the most critical can be dealt with after application of a prioritisation process), than to be caught unaware when a risk event occurs.

7.3 Links to Council Planning and Budgeting Cycles

The Framework raises issues ranging from the highest strategic level e.g. Councillor decision-making, through to the detailed issues of delivery of services to the community and the care of community assets.

The Risk Management process will input data and issues to the Council Strategic Planning and Budget process, Annual Plan and other Asset Management Programs, and to service departmental planning activity.

7.4 Budget Planning and Prioritisation

The Risk Management Framework provides an effective and transparent prioritisation tool for decision making when long term and annual financial resource allocations are decided.

This process contributes to the quality of the Longer Term Financial and Asset Management Plans of Council. It also assists in effective decision making during strategic planning by recognising the future implications of today's decisions.

Through the use of a common framework to assess priorities; sound, transparent and defensible financial decisions and recommendations are possible.

7.5 Risk Assessments

Risk Assessments are to be conducted by persons conducting work on behalf of Flinders Council as required by Flinders Council's procedures, and overseen by their respective Departmental Managers, with the support (as

required) of the Safety & Risk Management Officer. The Flinders Council Risk Assessment Tool is to be used for Risk Assessments and is listed as a related document in Section 14. Risk data will be stored in Flinders Council's Risk Register which will be administered by the Safety & Risk Management Officer.

7.6 Hazards and Incidents

Hazard and incident reporting highlights hazards and incidents and allows this information to be integrated into the Risk Register under "Health and Safety" risks. These risks are then considered in the same way as any other risk would be. The Flinders Council Accident & Incident Report Form is listed as a related document in Section 14.

8. KEY PERFORMANCE INDICATORS (KPI'S)

The following positive key performance indicators will be developed and reported to aid in tracking the implementation and effectiveness of the Flinders Council Risk Management Framework.

KPI's	2013/14 Position	2014/15 Position	2015/16 Position
Budget allocation			
Number of risks recorded in Risk Register			
Number of implemented Risk Treatment Plans			
Number of risk reduction procedures implemented.			
Number of risks with owners			
Time invested in OH&S and risk awareness and reduction training.			
MAV Audit Result			

9. ROLES AND RESPONSIBILITIES

Risk management responsibilities are incorporated into all Council Position Descriptions and success measures developed for all Workers are to form the basis of formal annual performance appraisals and informal performance management discussions.

Council

Flinders Council will:-

- Be responsible for approving the Risk Management Policy;
- Provide the support and basis in which the Risk Management Policy can be implemented. This includes listing risk management as a priority in Council's Strategic and Annual Plan; and
- Provide adequate budgetary provision for the management of this Policy.

The General Manager will:-

- Provide a safe and healthy work environment, in accordance with the Work Health & Safety Act 2012, its amendments, regulations, related codes of practice and Australian Standards;
- Understand the principles of Risk Management;
- Ensure risk awareness training is developed and provided throughout Council;
- Ensure that Council meets its 'duty of care' to all Workers and the general public and protects its assets through education, appropriate risk financing and adequate loss control programs and measures;
- Monitor and evaluate the performance of Department Managers against their risk management responsibilities;
- Provide proactive reporting on risk measures;
- Lead Executive Management in the development and implementation of risk action plans for all those assessed as extreme; and
- Promote Risk Management as a vital business principle.

Department Managers will:-

- Familiarise themselves with Council's Risk Management Policy and Framework;
- Actively participate in training provided in relation to risk management;
- Employ risk management principles and practices and the tools outlined in the Risk Management Framework while undertaking strategic decision making and daily tasks;
- Report any hazards and incidents that may have the potential risk exposure to Workers, Council and the general public;
- Positively assist with investigations related to accidents or incidents that have occurred;
- Develop and manage Risk Treatment Plans for risks owned by them; and
- Take notice of and implement recommendations from risk management audits conducted in the workplace.

Corporate Services Manager will:-

- Develop a report on Council's achievements against its Risk Management Policy and Strategy over the previous year for inclusion in Council's Annual Report;
- Review contracts and lease agreements; and
- Coach and mentor others in the use of the Risk Management Framework.

Safety and Risk Officer:-

- To provide advice and assistance to all Council Workers in relation to the development and implementation of an effective Risk Management System that observes the principles of AS/NZS ISO 31000:2009 Risk Management;
- Monitor the effectiveness of the overall Risk Management System;

Annexure 4 - Item C1 - September 2013

- To oversee and provide input into the development and maintenance of a Risk Information System integrated with other systems to provide timely, accurate and relevant information of losses, claims, premiums and other risk related information;
- To ensure that all documentation maintained and generated within the Risk Management process complies with Council's record management requirements;
- To make available relevant and the wide range of information on risk management issues affecting Council;
- Ensure all accidents reported are fully investigated and the appropriate corrective action has been taken;
- To apply the Risk Management Process for the management of risk exposures;
- Review insurance held by users of Council facilities;
- Negotiate appropriate insurance cover;
- Oversee the development of a Risk Management Training Program;
- Develop a report on Council's achievements against its Risk Management Policy and Strategy over the previous year, for inclusion in Council's Annual Report;
- Review the Risk Management Policy every two years;
- Maintain risk management manuals and records including the following:-
 1. Claims Management Manual
 2. Legal advice
 3. Property and motor vehicle schedules
 4. Loss records
 5. Management decisions on risk
 6. Technical information
 7. Insurance policies
- Assist in the effective operation of a Safety Management System;
- Coordinate public safety issues;
- Monitor accident reporting and recording procedures;
- Liaising with outside organisations/consultants for advice and assistance in areas where the organisation does not have the expertise or resources;
- Review with Managers all aspects of the Risk Management Program on a regular basis, including workplace inspections and safety audits;
- Consult with the Health and Safety Committee and any appointed Health and Safety Representatives where appropriate to resolve health and safety issues and compliance with risk management principles; and
- Provide regular reports to management on the operation of the Risk Management Program.

Workers will:-

- Assist in the provision of a safe and healthy work environment and comply with the *Work Health & Safety Act 2012*, its Amendments, Regulations, related Codes of Practice and Australian Standards;
- Ensure that risk management factors are fully considered when changing or setting up new work sites, work programs or undertaking new projects;
- Review with Managers/Supervisors and workers all aspects of the risk management program on a regular basis, including workplace inspections and risk management audits;
- Consult with the Health and Safety Committee and any Health and Safety Representatives where appropriate to resolve risk management issues;
- Ensure on-going instruction and consultation with Workers in the proper use of plant, equipment and materials and enforce safety rules and practices that apply to Workers' work;
- Ensure all accidents, incidents, injuries or near misses within their work area are reported using Flinders Council's reporting processes, and participate in investigations when required;
- Participate in audits of activities under their control; and
- Report any identified risk associated with Council assets, work sites or work systems.

OH&S and Risk Management Committee:-

Improve organisational performance and awareness of risk management by:-

- Review and analysis of claims and reported incidents;
- Progress improvements and recommendations of the MAV Audit;
- Discuss and plan risk management awareness training;
- Populate and enhance the Risk Register; and
- Implement an audit and inspection process focused on risk management.

10. COMMUNICATION PLAN

10.1 Objectives

Communication is critical to keeping Workers informed and engaged with the implementation of Flinders Council's Risk Management Framework. Effective communication mechanisms will support the following objectives:-

- To keep workers and stakeholders informed and engaged with the Risk Management Program development;
- Development of a common language around risk management;
- Promote learning e.g. examples of success will highlight the different applications of risk management;
- Development of a risk aware culture at Flinders Council;
- Demonstration of leadership by Executive Management in implementing the Framework; and
- Celebrate the success of the Framework implementation.

10.2 Communication Methods

The following communication mechanisms will be utilised:-

- Outline of the Framework in risk awareness/hazard and incident analysis training;
- Risk implications part of Council Meeting Agenda;
- Progress reports to Executive Management;
- Progress reports to Council;
- Progress report to the OH&S and Risk Management Committee;
- Regular updates in regard to risk management will be provided to all workers via Departmental and Tool Box meetings;
- Written messages from the General Manager and the Safety & Risk Management Officer for notice boards; and
- Outline of the Framework provided to all new workers during Induction.

10.3 Progress Reports to Workers

- Bi-monthly to the OH&S Risk Management Committee; and
- Yearly statistical report.

After initial stages of risk program implementation:-

- Comments from participants;
- Recognition of achievement; and
- Sharing of experiences and lessons learned from across the organisation.

10.4 Progress Reports to Mayor and Councillors

- Annual Statistical Report on KPI's; and
- Annual review and executive summary provided to Mayor and Councillors.

10.5 Progress Reports to Community

- Annually via Annual Report.

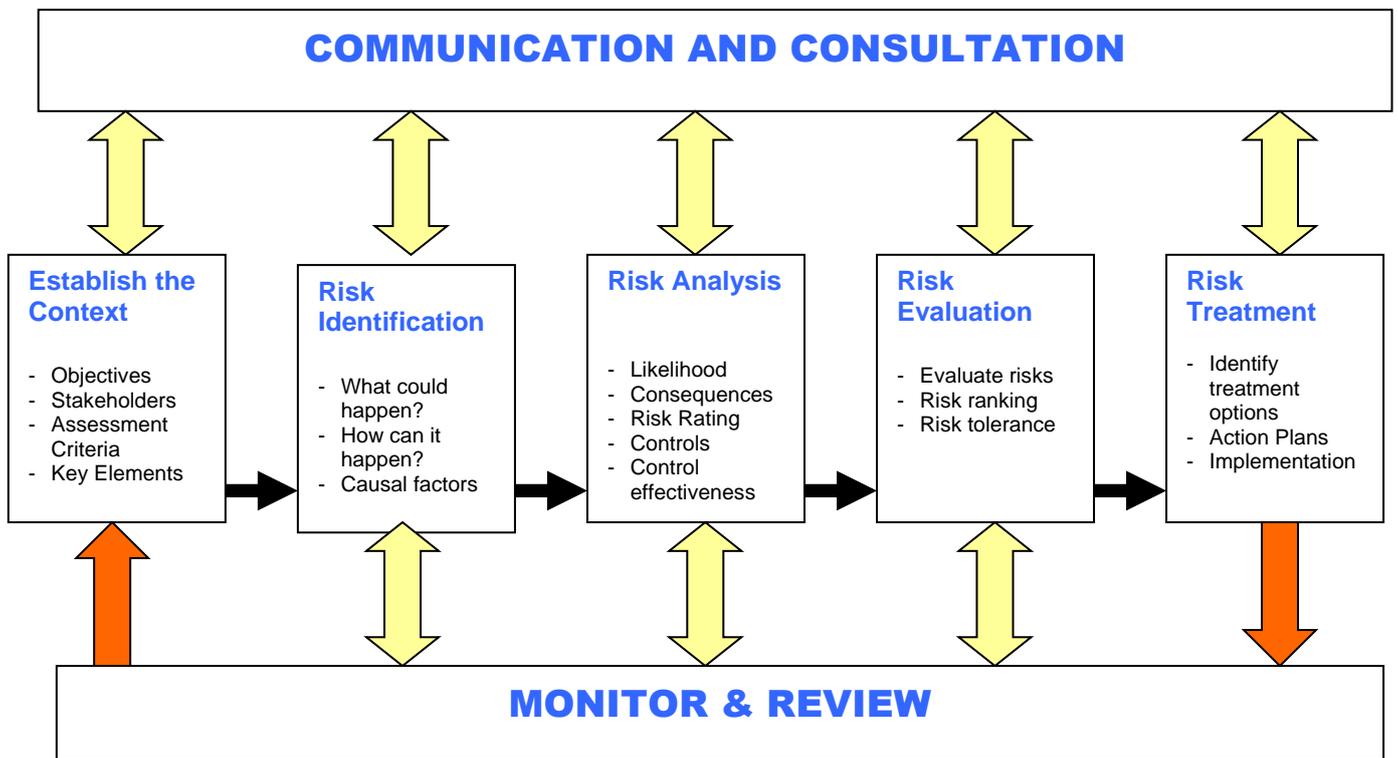
11. RISK MANAGEMENT PROCESS

11.1 Overview

The Risk Management Process should be:-

- An integral part of management;
- Embedded in culture and practice; and
- Tailored to the business processes of Flinders Council.

The risk management process adopted as part of this framework is consistent with the standard as depicted below:-



11.2 Communication and Consultation

- Contact / Involvement – has everyone who needs to know been contacted, involved, informed and kept up to date?
- Information Flow / Dialogue with Stakeholders – there should always be dialogue with stakeholders with a focus on consultation.
- Feedback – success will be achieved if feedback is given by all involved in the process. The Communication Plan is outlined in detail in Section 10 of this Risk Management Framework.

11.3 Risk Management Context

When identifying, assessing and managing risks the following external factors need to be considered:-

- Community impact;
- Impact on relationships;
- Environmental implications;
- Political implications (State / Federal);
- Health, Safety and Well Being;
- Economic Impact;
- Media;
- Legal and Regulatory obligations; and
- External stakeholders / key third party service providers.

The following internal factors need to be considered:-

- Flinders Council's Strategic Plan;
- Long Term Financial Plan;

- 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

Extreme	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.
High	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.
Moderate	Moderate risk; management responsibility must be specified. Risk Treatment Plan required.
Low	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;

Annexure 4 - Item C1 - September 2013

- 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?

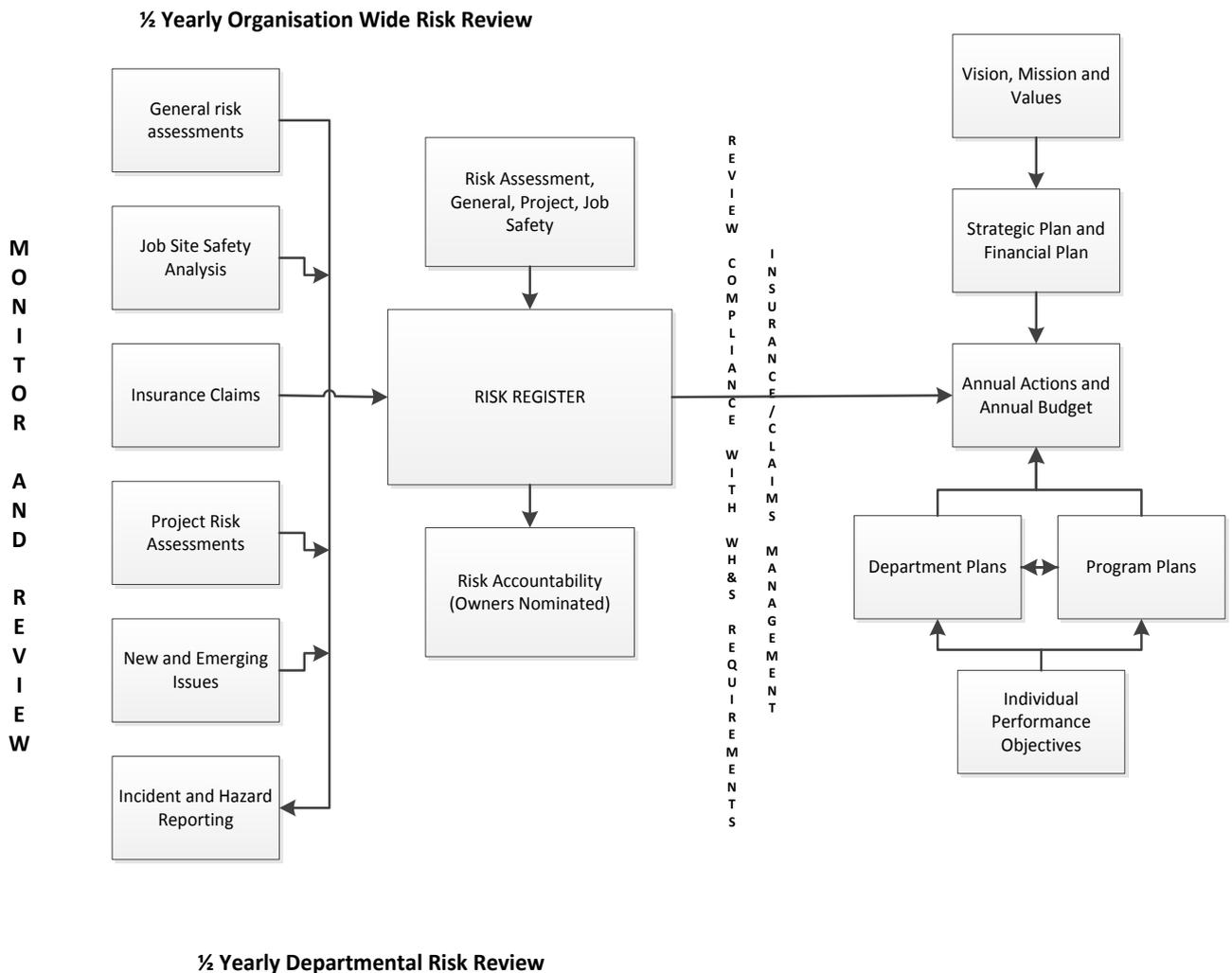
Furthermore, an assessment of the effectiveness of the risk management program at Flinders Council will be undertaken following implementation of this Framework to ensure that it meets the objectives. This assessment will be undertaken via:-

- 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"> ▪ Department Half Yearly Risk Register Review Timing: October and May ▪ Corporate Half Yearly Risk Report Timing: November and June ▪ Corporate Risk Report: 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. 	<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"> ▪ Claims Management Report: report of all asset, public liability, motor vehicle and workers compensation claims including analysis and trend data. <p>Unscheduled Reports</p> <ul style="list-style-type: none"> ▪ Hazards and Incidents/Risk events: report of any major or severe risk events / incidents including remedial action ▪ New and emerging risks/issues ▪ Continuing critical issues ▪ Escalation of risk non-performance 	<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

Flinders Council**Policy Manual**

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

Rating	Recurrent Risks	Single Events
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