POLICY POLICY POLICY POLICY POLICY

MOUNT ALEXANDER
SHIRE COUNCIL

Policy Category:	Risk Management			
Title:	Risk Management Policy			
Adoption Method:	☐ CEO	☒ Council	Date Adopted:	9 July 2013
Review Period:	☐ Annually	☒ Other	Date Last Reviewed:	July 2013
Responsible Officer:	Risk and Safety Officer		Next Review Date:	July 2015
CEO Signature:			Date:	19 July 2013

Purpose / Objective:

The purpose of this policy is to provide a framework for the management of risk and to define risk management responsibilities. Risk management is the systematic application of management policies, procedures and practices to the tasks of identifying, analysing, evaluating and controlling risk. Risk management is recognised as an integral part of good management practice and corporate governance. The aim is to proactively manage risk in accordance with best practice to continuously improve sustainability and service provision to our Customers.

The main policy objectives of the Risk Management Framework are to:

- Identify, analyse, evaluate, control and document Council's risk exposure;
- Identify and implement control actions to reduce risk and eliminate high risk activities;
- Safeguard Council assets – people, financial and property;
- Create a workplace culture where all staff assume responsibility for managing risk in their day to day work activities;
- Ensure risk is reviewed and managed at all levels within appropriate timelines;
- Enhance and protect Council's reputation as a professional, responsible and ethical organisation;
- Provide a systematic approach to the early identification and management of risks;
- Monitor and review risk levels to ensure that risk exposure remains within an acceptable level;
- Comply with relevant legal and regulatory requirements;
- Reflect Council's risk appetite in the risk rating calculation matrices (refer Appendix 1).

Who is Affected by this Policy?

This policy applies to all Councillors, staff, volunteers and Section 86 Committees of Mount Alexander Shire Council.

Background / Reasons for Policy:

Risk Management is recognised by Mount Alexander Shire Council as an integral part of responsible governance and of providing best value to our community. The framework provided by the Risk Management Policy and Procedure is an important aspect of the sustainability of Council's operations, community services and infrastructure.

Scope:

This policy applies to all areas of Mount Alexander Shire Council operations.

Policy Content:

Risk Management is a management responsibility and is an integral aspect of all organisational processes including strategic planning and all project and change management processes. It is crucial that risks are managed to minimise their negative impact upon the achievement of Council's objectives and to capitalise on potential opportunities.

Risk Assessment:

The risk rating calculation matrices in Appendix 1 must be used for determining the inherent risk, control and residual risk ratings. The risk assessment process is outlined in the Risk Management Procedure.

Responsibilities and Available Resources:

Council responsibilities:

Council is responsible for approving this Policy and for ensuring that the necessary resources are allocated to Risk Management.

The Audit and Risk Advisory Committee's responsibilities:

The responsibilities of the Audit and Risk Advisory Committee are to:

- Monitor the effectiveness of Council's internal control and risk management systems;
- Evaluate whether management is setting the appropriate 'control culture' by communicating the importance of internal control and management of risk;
- Gain an understanding of the areas of greatest financial risk and how these are being managed;
- Monitor the effectiveness of internal controls over significant areas of risk, including non – financial management control systems.

These responsibilities may be amended by the Audit Committee Charter from time to time.

The Chief Executive Officer's responsibilities:

The Chief Executive Officer is responsible for:

- Ensuring risk is appropriately managed throughout the organisation and that Council's overall risk management policy is maintained and regularly reviewed;
- Overseeing that risk management is embedded into the key controls and approval processes of all major processes and functions.

The Risk and Safety Officer's responsibilities:

The Risk and Safety Officer is responsible for:

- Implementation of this Policy and associated Procedure;
- Ongoing review and maintenance of this Policy and associated Procedure;
- Developing, implementing and maintaining the framework for managing risk;
- The provision of risk management advice and assistance and the facilitation of risk management awareness throughout the organisation;

- Co-ordinating the establishment and maintenance of Council's risk register;
- Providing staff training programs relevant to the policy;
- Measuring Risk Management performance and reporting to the Executive Management Team and to the Audit Committee.

The Executive Management Team's responsibilities:

The Executive Management Team is responsible for:

- Identifying Mount Alexander Shire Council's strategic risk exposure;
- Ensuring that strategic risks are adequately mitigated;
- Identifying and addressing any material change to Mount Alexander Shire Council's strategic risk profile;
- Identifying new and emerging strategic risks.

Directors and Managers' responsibilities:

All Directors and Managers are responsible for:

- Identifying, analysing, evaluating, controlling and documenting risks in accordance with this Policy;
- Ensuring that existing and new risks are effectively managed;
- Maintaining sound risk management practices within their areas of responsibility;
- Creating an environment where managing risk is accepted as the responsibility of each member of the team;
- Implementing allocated risk assessment control actions within agreed timeframes and regularly reporting progress;
- Conducting risk assessments as part of business case justification for all project and change management initiatives.

Supervisors' responsibilities:

Supervisors are responsible for:

- Identifying, analysing, evaluating, controlling and documenting risks in accordance with this Policy;
- Creating an environment where managing risk is accepted as the responsibility of each member of the team;
- Implementing allocated risk assessment control actions within agreed timeframes and regularly reporting progress.

Employee, volunteer and contractors' responsibilities:

Employees, volunteers and contractors are responsible for performing their duties in accordance with the risk management provisions of their Position Description or Contract.

All staff, volunteers and contractors should actively participate in identifying potential risks in their area and contribute to the implementation of treatment actions.

Section 86 Committees of Management responsibilities:

Section 86 Committees of Management responsibilities are responsible for:

- Maintaining strict compliance with the delegated functions and powers of the Instrument of Delegation to ensure

coverage by Council's Public Liability Insurance;

- Notifying Council's Risk and Safety Officer of all incidents in accordance with Council's Incident Policy;
- Operating in accordance with the Risk and Insurance Procedures for Special Committees.

Definitions:

Risk: Risk, broadly defined, is the effect of uncertainty on objectives (ISO 31000:2009). Risk is measured in terms of the likelihood of a particular event occurring and the severity of impact that it would have.

Risk Management: Risk Management is the systematic application of management policies, procedures and practices to the tasks of identifying, analysing, evaluating, controlling and documenting risk.

Risk Appetite: The level of risk that the organisation is prepared to tolerate at a given point in time.

Likelihood: The possibility of an event happening.

Consequences: The outcome of an event should it occur.

Strategic Risks: Risks which may significantly prejudice Mount Alexander Shire Council's business continuity, sustainability or ability to meet its objectives. There must be a direct link to a current Council Plan or other Strategic Plan objective.

Inherent Risk: The measure of risk in its natural state, that is where the only factors preventing its occurrence or limiting its impact are factors outside the control of the organisation.

Residual Risk: The measure of risk when the effect of the existing control systems and structures within the organisation are taken into account.

Projected Risk: The measure of risk when the effect of the additional control systems and structures within the organisation are taken into account.

Related Policies:

- Occupational Health and Safety Policy;
- Fraud Control Policy;
- Risk Management Procedure;
- Business Continuity Plan;
- Risk and Insurance Guidelines for Special Committees.

Related Legislation:

- Australian Standard AS/NZS 4360: 2004.
- ISO 31000: 2009;
- Occupational Health and Safety Act, Regulations, WorkSafe Compliance Codes and Australian Standards.

References:

Nil

POLICY POLICY POLICY POLICY

Appendix 1 – Risk rating calculation matrices.

Measures of Consequence Matrix

Potential consequences						
Rating	Consequence Types					
	HEALTH & SAFETY	NATURAL ENVIRONMENT	OPERATIONS	REPUTATION	SOCIAL	LIABILITY / RECOVERY COST
1: Insignificant	First-aid treatment only – no lost time.	Negligible environmental harm with no ongoing damage.	Negligible impact on service provision.	Negligible impact on reputation.	Negligible social impact.	Less than $20,000
2: Minor	Minor medical treatment with potential for lost time of < 7 days.	Minimal environmental harm with no ongoing damage.	Interruption of service provision for less than the maximum outage time*.	Minimal sensitivity/damage to reputation.	Temporary localised disruption to social wellbeing. No Relief Centres required.	$20,000 to $100,000
3: Moderate	Serious injury involving immediate treatment as a hospital in-patient . Potential for lost time of > 7 days.	Environmental damage requiring short term remediation.	Interruption of a single service for longer than the maximum outage time*.	Moderate sensitivity/damage to reputation.	Ongoing localised disruption to social wellbeing. Single Relief Centre required.	$100,000 to $1 million
4: Major	Totally or permanently disabled	Environmental damage requiring medium term remediation.	Interruption of multiple services for longer than the maximum outage time*.	Significant sensitivity/damage to reputation.	Ongoing widespread disruption to social wellbeing. Multiple Relief Centres required.	$1 million to $5 million
5: Catastrophic	Fatality.	Environmental damage requiring long term remediation.	Long term widespread business interruption.	Very high sensitivity and irreparable damage to reputation.	Widespread long term severe impact on social wellbeing through the loss of infrastructure, income, housing and basic sanitation. Provision of basic healthcare, emergency food and water necessary.	Greater than $5 million

* Maximum outage times as per the Business Continuity Plan.

POLICY POLICY POLICY POLICY POLICY

Measures of Likelihood Matrix:

Level	Descriptor	Example Detail Description
A	Almost Certain	The event is expected to occur most times during normal operations.
B	Likely	The event will probably occur at some stage based on evidence of previous incidents.
C	Possible	The event is generally not expected to occur but may under specific circumstances.
D	Unlikely	The event is conceivable but not likely to occur under normal operations. No evidence of previous incidents.
E	Rare	The event only occurs under exceptional circumstances.

Inherent Risk Rating Matrix:

Likelihood	Consequences				
	Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
A (Almost Certain)	Medium	High	High	Extreme	Extreme
B (Likely)	Medium	Medium	High	Extreme	Extreme
C (Possible)	Low	Low	Medium	High	Extreme
D (Unlikely)	Low	Low	Low	Medium	High
E (Rare)	Low	Low	Low	Medium	High

Control Rating Matrix:

CONTROL RATING:	DESCRIPTION:
Non-existent controls	No effective controls are in place.
Poor controls	Unreliable controls partly address the risk.
Fair controls	Reliable controls partly address the risk.
Good controls	Reliable controls substantially address the risk.
Excellent controls	Reliable controls fully address the risk and a documented policy framework is in place.

Residual Risk Rating Matrix:

CONTROL RATING	INHERENT RISK RATING			
	LOW	MEDIUM	HIGH	EXTREME
Non-existent	Low	Medium	High	Extreme
Poor	Low	Medium	High	Extreme
Fair	Low	Medium	High	Extreme
Good	Low	Medium	Medium	High
Excellent	Low	Low	Medium	Medium

Legend:

E: Extreme risk If the residual risk is extreme, urgent action is required to eliminate or lessen the risk. Close monitoring by the Executive Management Team is required.

.

H: High risk: If the residual risk is high, immediate action is required as far as reasonably practicable to eliminate or lessen the risk.

M: Medium risk: If the residual risk is medium, action may be required as far as reasonably practicable to eliminate or lessen the risk.

L: Low risk: May be regarded as acceptable risk and further controls may not be necessary.

Note: If there is an immediate risk to health or safety, the process/activity in question must be ceased until measures are taken to remove the immediate risk.

POLICY POLICY POLICY POLICY POLICY POLICY