



Woollahra Municipal Council

Risk Management Framework 2016 to 2021

Woollahra
Municipal
Council



Risk Management Framework 2016 - 2021



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Our Values

Woollahra Municipal Council is committed to the following values:

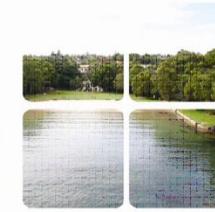
- *Respect for people*
- *Integrity and excellent performance*
- *Professional quality service*
- *Open accountable communication*

Our commitments to the community

We:

- Will deliver seamless, responsive service to our community.
- respect the rights of every customer to be treated fairly.
- will keep our community informed about Council services and activities and encourage community feedback.
- will continually strive to improve our services to the community.

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What is Risk?

Often people use 'RISK' when they mean a chance of something happening i.e. I will miss my plane or it might rain. This use of the term 'RISK' as a synonym for probability or chance leads to such a large number of RISKS being identified that makes it impossible to manage them sensibly. At Woollahra, 'RISK' is defined as the frequency with which an asset may be expected to suffer an adverse consequence. By asset we mean anything of value to us (i.e. People, buildings, reputation, investments). This approach leads to a sensible risk management structure based on assets.

Management of Risk Policy

It is the Council's policy to integrate the management of risk with all our management and operational processes.

Management of Risk Policy Objective:

The Council objective is to ensure that risk management is considered in any projects, design work, procurement of goods and services and in our routine activities so as to minimise the:

- incidence of personal injury and ill health to employees and members of the public;
- incidence of damage to equipment and facilities;
- financial and operational risks and losses to the Council and the public;
- resources spent in relation to losses, and
- the potential for damage to Council's reputation.

Business Assurance

WMC has defined Business Assurance as being the mechanisms that will help us manage our systems and risks to improve and protect the current and future performance of Council.

Our Business Assurance Framework comprises a portfolio of actions and practices which will manage uncertainty in our business, increase opportunities for improvement and, as a consequence, provide confidence to stakeholders that our business is operating efficiently, effectively and in compliance.

The key elements of our Business Assurance Framework are good corporate governance coupled with effective risk management, internal controls and internal audit.

By achieving the Management of Risk Policy, the Council is able to provide comfort to its stakeholders that the business is operating effectively and efficiently; that our moral and legal obligations are met and the risks are managed to improve and protect the current and future performance of Council

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The Framework Background

Risks exist to our organisation when current standards or qualities of risk control are either not known or are known and are not effectively implemented.

The Risk Management Framework (RMF) has been developed to ensure initiatives are taken in directing the course of events rather than waiting until things happen and then reacting. This involves management knowing what qualities or standards of risk control must, should or could be applied to each type of risk and making comparisons to what we are doing so as to identify opportunities for improvement and search for ineffective risk controls before they show themselves as real losses.

An essential task for an organisation is to appropriately manage opportunities for improvement. A systematic approach is required to ensure the goals set by the risk control standard is achieved in the long term.

A formal method of handling improvement opportunities needs to be used, which recognise that not all improvements can be funded or managed at the same time. We need to make decisions having regard to both the implication of the risk and the funds available. The RMF must be pro-active and systematic in its approach to minimising the Council's exposure to risks and losses.

Purpose

The RMF sets the framework for managing risk in the organisation. It establishes a structure to manage risks and the support mechanisms to ensure effective implementation. Its purpose is to create a two-way communication between Directors and Managers. Directors should use this Framework to convey MANEX intent for the management of risks and the Directors should use it to monitor state of progress within the Departments they have control over via the Department Risk Management Plan (DRMP) and Department Service Plan (DSP). Managers should use their DRMPs to record overall state of risk related activities and develop risk action plans for inclusion in their DSP. The DSP will be the Director's tool for monitoring progress of those actions.

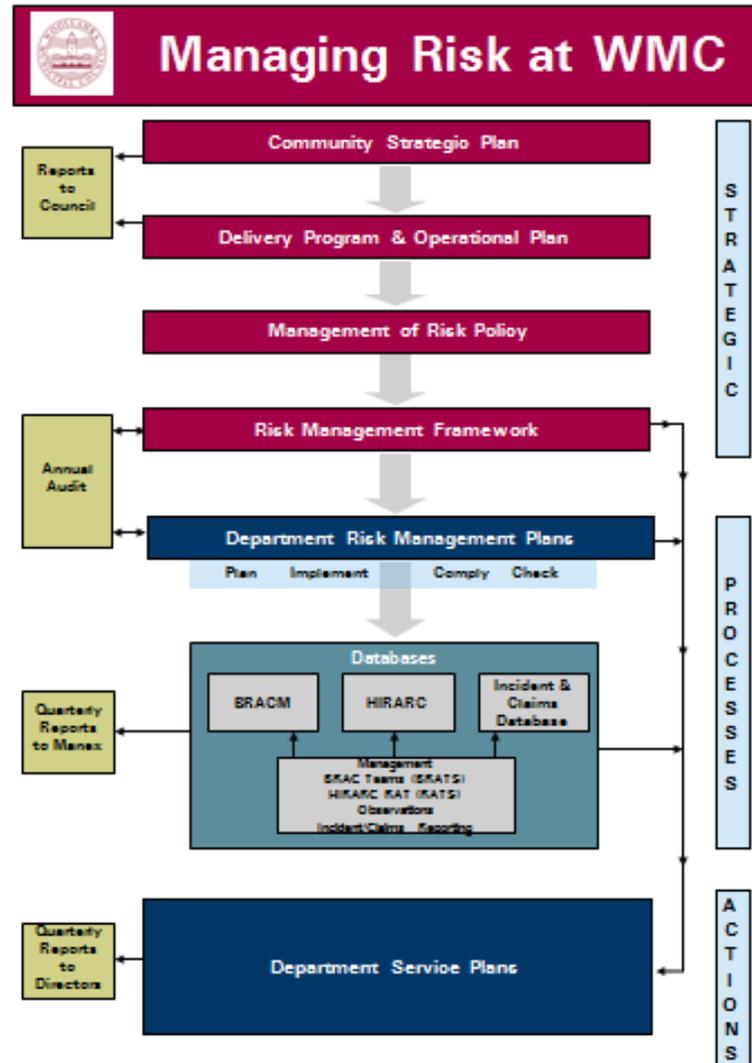
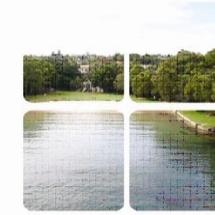
Structure

The RMF is based on the documents listed below, which define a management system with an emphasis on risk:

- AS/NZS 9002:1994 Quality Management
- AS/NZS 4801:2001 Occupational Health & Management Systems
- ISO 31000:2009 Risk Management
- AS/NZS ISO 14001:2004 Environmental Management Systems
- Work Health and Safety Act 2011 (NSW), and Regulations

The features that make it a management system are that it defines what needs to be done, learns lessons from things that go wrong and checks compliance with its intentions.

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Note:
BRACM - Business Risk Assessment and Control Module (Interplan)
HIRARC - Hazard Identification Risk Assessment and Risk Control database (Interplan)

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Scope

The RMF applies to all Departments assets within Council. By asset we mean anything of value to us (i.e. People, buildings, reputation, investments). It addresses three risks categories, as follows:

- **Community Risks** - Local Government in NSW is responsible for Statutory functions that relate to community risks like food safety in public food premises, fire safety in boarding houses, legionella risks from air conditioning systems, delivery of public health measures – vaccinations.
- **Business Risks** - Council is exposed to risks arising from the conduct of its activities, e.g. public injury and damage risks due to physical environment which we manage (footpaths, trees etc). Loss and damage due to our management or mismanagement of the built environment e.g. stormwater, management of DA's, fire in council-controlled buildings, financial management - fraud, investment loss etc, Information management - IT losses.
- **Employee Risks** – Injury, ill health to employees arising from the workplace and the nature of the work done.

Benefits

Benefits arising from the implementation of the RMF include:

- Satisfies legal and ethical concerns
- Reduces workplace illness and injuries
- Reduces financial costs
- Promotes continual improvement
- Improves governance and management accountability
- Satisfies enterprise risk management requirements for the Internal Audit
- Contributes to Business Assurance by introducing risk management strategies to manage uncertainty in Council's business
- Creating a better a better community.

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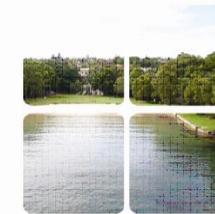


DPOP Theme: Community leadership and participation
DPOP Goal 11: Well managed Council
DPOP Strategy: 11.6 Minimise risk for Council and the community
DPOP Priority: 11.6.1 Maintain a risk management framework that achieves best practice in managing risks associated with Council's business activities

Risk Management Requirements	Response to Requirements		Responsibility
1 Integrate risk management with business processes.	1.1	Management of Risk Statements are included in the Community Strategic Plan and Delivery Plan & Operational Plan.	Director Corporate Services
	1.2	Managers and Supervisors have risk and WHS management accountabilities and appropriate delegations incorporated in their position descriptions.	Org Development & HR
	1.3	Describe and explain the elements of the Risk Management Framework (RMF) and ensure relevant supporting documentation (e.g. Risk Policy, WHS Policy, DRMP, Department Audit Plan 'DAP'), are easily located and understood.	Business Assurance & Risk
	1.4	Maintain a Department Risk Management Plan (DRMP) including WHS elements in response to Risk Management Framework (RMF).	All Managers
	1.5	MANEX to review status of 1.4 on a quarterly basis.	MANEX
	1.6	Identify and record business, community and employee risks associated with the activities of Departments.	All Managers
	1.7	Undertake the BRACS and HIRARC process to record identified risks, completed in 1.6 and assess effectiveness of risk controls.	All Managers
	1.8	Internally created documents used by Departments to manage their business activities are given proper identification i.e. Council, Division and department name, document title, document version and revision numbers, document print date and page numbering (page x of y) and register in TRIM.	All Managers
	1.9	The management of change, procurement, projects and contractors will include risk considerations to ensure risks and liabilities (including lifecycle costs where relevant) are controlled to an acceptable level.	Directors

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Risk Management Requirements	Response to Requirements		Responsibility
<p>2 Regular review of business processes.</p>	2.1	Audit Services Program in place.	Business Assurance & Risk
	2.2	Maintain an up to date Department Audit Plan (DAP).	All Managers
	2.3	Review Department business activities and processes to check that the Department Risk Register and Hazard Registers and Department Risk Management Plan are relevant and current.	All Managers
	2.4	Review Corporate Hazard Management Standards for use by Departments.	Business Assurance & Risk
<p>3 Provide systems to identify and manage risks for Departments use.</p>	3.1	Business Risk Assessment Control (BRAC) System in place.	Business Assurance & Risk
	3.2	Hazard Identification, Risk Assessment and Risk Control System (HIRARC) in place.	Business Assurance & Risk
	3.3	Incident Reporting & Investigation System in place.	Business Assurance & Risk
	3.4	Corrective Action System in place to manage corrective actions arising out of incident investigations.	Business Assurance & Risk
	3.5	W/Compensation and Rehabilitation System in place.	Business Assurance & Risk
	3.6	Access to Business Assurance & Risk Information and documents easily accessible on the HUB (intranet).	Business Assurance & Risk
	3.7	Critical Risks Register for review by MANEX on a six monthly basis. ie. A list of risks identified where the probable worst consequence is of such high severity that the continuation of the business is in doubt, is seriously and detrimentally impacted or suffers significant reputational harm. Including critical tasks that have the potential to cause permanent incapacity or death and/or major plant damage.	Director Corporate Services

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Risk Management Requirements	Response to Requirements		Responsibility
	3.8	Staff Health Monitoring Programs– at times staff may work in environments where exposure to certain conditions could lead to detrimental health issues over time eg. Asbestos, skin cancer, industrial deafness	Business Assurance & Risk
	3.9	Audit Manager in place.	Business Assurance & Risk
	3.10	Corporate Training Register in place	Organisational Development & HR
	3.11	Project Management System in place.	Capital Projects
	3.12	Procurement Management System in place.	Civil Operations
	3.13	Contractor Management System in place.	Civil Operations
	3.14	Asset Management System	Director Technical Services
	3.15	Inspection and Maintenance Programs in place (facilities, depots/workshops/plant and equipment, physical assets)	All Managers
	3.16	Corporate Hazard Management Standards	Business Assurance & Risk
	3.17	Register of expected standards (including identification of relevant content) of safety/hazard management standards and business risk controls relevant to their work area. Eg. Legislation, standards, codes of practice, online legal services for Planning & Development Law and Case Law.	All Managers

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Risk Management Requirements	Response to Requirements		Responsibility
<p>4 Staff have an appropriate level of knowledge and skill to enable them to perform their work competently and safely.</p>	4.1	All Position Descriptions must include relevant skills, knowledge, responsibility, health and fitness requirements.	All Managers
	4.2	All new staff participate in a structured corporate induction programmes.	Organisational Development & HR
	4.3	All new or transferring staff participate in a structured Departmental induction programmes.	All Managers
	4.4	Undertake a 'training needs assessment' for each employee against the position skills and knowledge requirements in 4.1.	All Managers
	4.5	Document a training program for each employee in accordance with the training needs assessment.	All Managers
	4.6	Regular refresher training to keep staff skills up to date.	All Managers
	4.7	Undertake a review of training requirements for the Council annually in conjunction with the skills assessment and budget.	Organisational Development & HR
	4.8	Staff are consulted both formally and informally about hazard and risk matters of relevance to them and their work.	All Managers
	4.9	Manage the renewal of staff operational licences.	All Managers
<p>5 Provide emergency response plans.</p>	5.1	Identify credible emergencies affecting our people, premises and facilities, or emergencies that otherwise impact upon our ability to provide services, and develop a response plan that details the necessary equipment, management structure and authorities in place to respond to each credible emergency.	All Managers

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GLOSSARY OF TERMS

BRACS	Stands for Business Risk Assessment Control System. It is Council's system to manage risk arising from its business activities. It does not include OHS physical hazard risks, see HIRARC.
BRACM	Stands for Business Risk Assessment Control Module available through Interplan. It is the Council's register of all business risks and community risks. It is Council's tool for identifying, assessment and improving business risk control measures.
Business Assurance	The mechanisms that will help us manage our systems and risks to improve and protect the current and future performance of Council.
Business Risks	Council is exposed to risks arising from the conduct of its activities, e.g. public injury and damage risks due to physical environment which we manage (footpaths, trees etc). Loss and damage due to our management or mismanagement of the built environment e.g. stormwater, management of DA's, fire in council-controlled buildings, Financial management - fraud, investment loss etc, Information management - IT losses.
Community Risks	Local Government in NSW is responsible for Statutory functions that relate to community risks like food safety in public food premises, fire safety in boarding houses, legionella risks from air conditioning systems, delivery of public health measures – vaccinations.
Consequence	The value ascribed to the outcome of an event/accident process.
Corrective Action System	A process to manage and monitor actions identified in an incident investigation or a periodic compliance review to improve on and/or add value to the existing control measures.
Cost of Risk	The sum of Council's cost of responding to incidents as they occur plus the monetary value of effort to prevent an unwanted consequence i.e. cost of reaction plus the cost of prevention.
Critical Risks	A critical risk is one for which the probable worst consequence is of such high severity that the continuation of the business is in doubt, e.g. Due to loss of trust at a government or public level, fatality, fire, strike etc.
Employee Risks	Injury, ill health to employees arising from the workplace and the nature of the work done.
Exposure	The number of opportunities per unit of time for an event/accident to occur. Usually expressed in annual terms.
Frequency	The number of times an asset can suffer damage in a given period of time.
High Risk Tasks	This is concerned with personal injury only i.e. A high risk hazard identified in HIRARC and the control of the risk necessarily relies on human behaviour (i.e. the way a person or persons perform the task). The reason why we have to monitor this carefully is to satisfy legal obligations under Work Health Safety (WHS) Act and Common Law.
HIRARC	Stands for Hazard Identification Risk Assessment and Risk Control. It is Council's system to manage OHS physical hazards risks.
Hazard	A hazard is any feature of the physical, organisational and/or behavioural environment that contributes to the process of injury or damage. In HIRARC we define it as 'a potentially damaging energy source' i.e. Electrical energy in the power lines.
Likelihood	Is the product of probability and exposure.

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MANEX	'Management Executive' the body responsible for determining and monitoring the implementation of the Risk Management Framework and Department Risk Management Plan. They hold the responsibility to establish, maintain and enforce this Framework. MANEX includes General Manager and all Directors.
Probability	The failure rate of an element usually expressed in decimals in a twelve (12) month period.
Risk	The frequency with which an asset may be expected to suffer an adverse consequence. By asset we mean anything of value to us (i.e. People, buildings, reputation, investments). Always expressed in annual terms.
Safe	The level of risk you are prepared to accept at that time ie. 'An acceptable level of Risk'.
Severity	A scale of consequence values.