



TATIARA DISTRICT COUNCIL

RISK MANAGEMENT POLICY

Table of Contents

INTRODUCTION	3
GLOSSARY OF TERMS	ERROR! BOOKMARK NOT DEFINED.
PURPOSE	4
POLICY	5
RISK MANAGEMENT RESPONSIBILITIES	9
Council :	9
Chief Executive Officer:	9
Leadership Team:	9
Employees, Contractors, Sub-contractors and Volunteers:	10
Audit Committee	11
RECORD OF AMENDMENTS	11

INTRODUCTION

Tatiara District Council is committed to a policy of Risk Management:

- to protect its employees, assets, liabilities and its community against potential losses,
- to minimise uncertainty in achieving its goals and objectives, and,
- to maximise the opportunities to achieve Tatiara District Council's Mission:

“To make the Tatiara a better and safer place in which to live, work and visit”

Our commitment to risk management is not only about identifying what can go wrong and being prepared should it occur, but it is also about identifying and evaluating threats and opportunities that present from time to time.

In this regard it forms an integral part of the continuous improvement process embraced by Council.

To achieve this policy a Strategic Risk Management Framework will be developed for the Council within the context of its strategic directions. The aim of this Framework is the development of an organisational ethos and operating culture, which achieves the integration of systemic Risk Management processes into all management activities, both strategic and operational level.

The objectives of the Framework include:

- To promote and support risk management practices throughout the Council.
- To recognise that successful risk management is the responsibility of **all** employees.
- To encourage the identification and reporting of potential risks.
- To protect Council against the financial consequence of accidental losses, particularly those of a major nature.
- To encourage an organisational culture which creates safe, healthy and risk free work and operational environments.
- To provide community facilities that can be enjoyed safely and securely by the public.
- To develop and implement work systems that embrace risk management principles to ensure that Council's loss exposures are managed within available financial resources.

- To provide cost effective strategies for the identification, prevention and control of losses and their consequences for all Council's activities.
- To provide an effective information system for analysing and monitoring the risk management program.
- To ensure that risk management is paramount in all Council public areas and workplaces and that a safe environment is created for the community at large and Council employees.
- To protect Council's corporate image as a professional, responsible and ethical organisation.

An implementation strategy will be developed to ensure all staff are fully aware of and involved in the strategy and to build the skills necessary to achieve the objectives of the Framework.

The Australian/New Zealand Standard AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines will be used as the model for implementing the risk management process within Council's business operations.

PURPOSE

Risk management is the process of identifying, analysing and evaluating risk and selecting the most effective way of treating it. It is a way of making real savings in terms of operation and reduction of insurance premiums and in the prevention of injury to residents, employees and visitors to the council area.

The purpose of this policy is to define the principles for the implementation and associated responsibilities of staff and management in the risk management process and to provide a framework for the management of risk.

The Policy will:

- Ensure consistency in the risk management process & establish roles and responsibilities for managing risk;
- Establish a standardised, formal and structured process for assessment and treatment of identified risks;
- Encourage innovation by integrating risk management into the strategic and operational processes across all Departments of Council.
- Ensure that Council maximises its opportunities, whilst minimising any impacts arising from identifying and evaluating risks;
- Ensure that (standard) reporting protocols are established for information dissemination across all Council areas;
- Assist in the development of a continuous improvement culture integrating the risk management process into management structures.

POLICY

The Tatiara District Council is committed to managing risk in accordance with the process described in the *Australian/New Zealand Standard AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines*, by logically and systematically identifying, analysing, assessing, treating, monitoring and communicating risk exposures associated with any activity, function or process in a way that enables the Council to minimise losses that are likely to adversely impact on the Council's operations.

Specifically this includes, (but is not limited to), the following areas of potential losses:

- Personnel (Workplace Health and Safety);
- Liability (including public liability and professional indemnity);
- Financial;
- Business interruption;
- Council's reputation and standing in the community, with State and other levels of government, and with respect to regulatory and other bodies;
- Environmental degradation;
- Health – potential loss of community health;
- Motor Vehicle Fleet; and
- Property.

Management, staff and contractors are responsible for ensuring that risk management is given a high priority in the day-to-day conduct of Council and Council related activities.

The management of risk is essential in:

- (a) Achieving Council's vision statement as outlined in Council's Strategic Management Plan;
- (b) Enabling the incorporation of risk management initiatives across all levels of the Council;
- (c) Facilitating and initiating innovation, co-operation and sharing of resources;
- (d) Enhancing Council's programs of economic development, environmental management, community well-being, quality management and customer service;

- (e) In accordance with the common law duty of care, statutory responsibilities, requirements under Council's insurance policies, and Council's own policies, Council will ensure that appropriate levels of resources are allocated to maintain staff health and safety.
- (f) Maintaining Council assets;
- (g) Maintaining Council's reputation;
- (h) Ensuring continuity of service; and
- (i) Reducing Council's liability and minimising or eliminating other circumstances which may cause a loss to Council.

Council will also:

- (a) Promote and support risk management practices throughout the organisation;
- (b) Recognise that successful risk management is the responsibility of all employees;
- (c) Encourage the identification and reporting of potential risks;
- (d) Implement processes to reduce risk and eliminate high-risk activities.

A key principle of effective risk management is a hierarchical approach to the management of risk that emphasises prevention rather than mitigation. Management of risk will address the problem in the following priority order:

- (a) Wherever possible the risk should be eliminated or minimised.
- (b) `Sharing the risk by:
 - (i) Insuring risks, where, in return for a premium, the Financial cost of certain risks are passed to the insurer;
 - (ii) Ensuring that external organisations leasing or managing Council owned assets have adequate insurance and that the Council is indemnified; and
 - (iii) Ensuring that any works, carried out by contractors, are fully insured and that Council is indemnified.
- (c) Reduce the likelihood and consequence of risk by undertaking hazard analysis and risk audits, and developing procedures relating to issuing advice and approvals to customers.

LEGISLATION / REFERENCES

Section 125 of the *Local Government Act 1999* specifies that a Council must ensure that appropriate policies, practices and procedures of internal control are

implemented and maintained in order to assist the Council to carry out its activities in an efficient manner to achieve its objectives.

Section 134(4)(b) of the *Local Government Act 1999* requires Council to adopt risk management policies, controls and systems.

Regulation 14(e) of the *Local Government (Financial Management) Regulations 2011* requires internal controls be implemented by Council and to provide assurance that its financial records are complete, accurate and reliable.

Compliance with the *Work Health and Safety Act 2012, Regulations*, and approved Codes of Practice.

The policy is supported by Council's Risk Management Framework.

AN INTEGRATED SYSTEM

An integrated risk management system includes the methods and processes used to manage risks and seize opportunities – to achieve defined objectives. Risk Management is not just about the risk assessment process nor is a stand-alone discipline. In order to maximise risk management benefits and opportunities, it needs to be integrated with existing business processes.

Strategic Risk Assessment

Annual (Strategic) risk assessments must be undertaken by each Business Unit to address key Strategic Risks. Extreme and High (rated) risks will be reported to the Audit Committee and monitored on a quarterly (or meeting frequency) basis.

All risk assessments will be captured in the Strategic Risk Register and recorded using Council's Record Management System.

Budget & Strategic Planning

Strategic and Budget Planning considers key risks and opportunities facing the Council at a corporate level. The planning process must identify and review risks that may impact on Council's ability to meet key legislative and strategic objectives.

Internal and External Audits & Controls

The audit process plays an important role in evaluating the internal controls (and risk management processes) currently employed by Council. The Internal Audit's are conducted to provide assurance that key risks have been identified and the controls in place are reasonable. Relevant data arising from all Audit functions will be presented to Council's Audit Committee.

BCP/Disaster Recovery

Council has obligations to ensure that business continues as efficiently and promptly as possible as a result of an interruption. The Business Continuity Plan (BCP) is designed to manage risk by limiting or reducing the impact of a disruption, and to enable the resumption of critical business functions/services of Council.

The main objective of a BCP is to ensure that critical business functions are identified, considered and strategies are employed to ensure that the functions continue in case of a disaster, emergency or major disruption/crisis. A BCP will also assist Council in maintaining its reputation by ensuring that the delivery of critical services is maintained during identified disruptions.

4.5 Work Health Safety

The Work Health Safety (WHS) system is implemented to manage health and safety risks to people (workers/volunteers) whilst they undertake their role. Work Health and Safety is a critical component of the risk management system and will address risks facing employees conducting their specified duties.

Council has in place an overarching WHS and Injury Management System with a suite of Policies and Procedures to assist in managing work related risk.

Coverage & Claims Management – Local Government Risk Services (LGRS)

From the perspective of the Local Government Sector, certain *insurable* risks have been transferred to a number of self-managed Schemes managed by Local Government Risk Services (LGRS) – via payment of an annual contribution. The Schemes are:

- **Local Government Association Mutual Liability Scheme (LGAMLS)** for the purposes of Civil Liability coverage & claims management;
- **Local Government Association Workers Compensation Scheme (LGAWCS)** for the purposes of workers compensation coverage & claims management;
- **Local Government Asset Mutual Fund (LGAMF)** for the purposes of asset and fleet coverage & claims management.

As a Member of all the above Schemes and Fund, Council must ensure that WHS, Asset and risk management protocols are developed, endorsed and implemented across all Business Units.

Both the LGAMLS and LGAWCS require member Councils to participate in an annual Risk Review and KPI Audit programme, which provides the Sector with profiling data and annual Action Plans for internal continuous improvement. Results arising from the Review and Audit are incorporated into the Performance Bonus System provided by each individual Scheme.

RISK EXPOSURES

Risks faced by the Council relate not only to the increasingly litigious nature of modern society but also to events that could interrupt the delivery of service or impact on the quality of service delivered to the community. Potential risk event outcomes that may require management by the Council include:

- Financial Risk (Lack of funding or fraudulent application of funds)
- Policy Risk (Inadequate or ultra-vires policy formulation)
- Legislative Risk (Failure to comply with legislative requirements)

- Regulatory Change (Dynamic nature of the legislative environment)
- Physical Risk (Damage to / loss of Council's assets including buildings)
- Insurance Risk (Failure to hold adequate & appropriate insurances)
- Environmental Risk (Risk of damage to the Council's natural environment)
- Planning Risk (Inappropriate or indefensible planning decisions)
- Personnel Risk (Injury risk to employees, contractors or visitors)
- Business Interruption (Inability to continue to deliver expected services)
- Technology Risk (Loss of corporate knowledge and systems failure)
- Events Risk (Risks associated with holding events)
- Public Liability (Risk of litigation for public liability matters)
- Professional Risk (Litigation risk arising from action/statements)
- Infrastructure Risk (Infrastructure failure due to insufficient maintenance)

RISK MANAGEMENT RESPONSIBILITIES

Management and staff are to be familiar with, and competent in, the application of Risk Management principles and practices, and are accountable for applying them within their areas of responsibility. Specific responsibilities are:

Council :

- Adopt a risk management policy for the council and review and amend as required, and provide adequate budgetary provision for risk management strategies to be implemented.

Chief Executive Officer:

- Managing risk across the business.
- Maintaining overall responsibility for the effective management of all types of risks across Council's operations and ensure Councillors are kept aware of Council's risk management objectives.
- Recognising and adopting Risk Management as a key function of the organisation.
- Ensuring risks are managed in accordance with the Australian/New Zealand Standard AS/NZS ISO 31000:2009 Risk Management Principles and Guidelines and Council's policies and procedures.

Leadership Team:

- Implementing and maintaining the Risk Management Policy in their areas of responsibility and creating an environment where each staff member is responsible for and actively involved in managing risk.
- Ensure that Council's assets and operations are adequately protected, and public liability exposures addressed through appropriate budgeting for loss control programs and measures.
- Provide risk management related information as requested, and assist in the investigation of any risk management issues or claims that have been made against Council's insurances.
- Ensure the provision of a safe and healthy work environment and the implementation of appropriate safe work practices and control measures in accordance with the *Work Health and Safety Act 2012*, its amendments, related Regulations, and Council's O H & S Policy.

- Ensure that staff, have continued access to adequate training.
- Consult with the Workplace Health and Safety Committee and Audit Committee, where appropriate, to resolve risk management issues.
- Supervise and audit contractors to ensure that, at minimum, contractors' and subcontractors' policies, procedures and risk management activities comply with those of Tatiara District Council, and that they are current and applied throughout the period of the contract.
- In co-ordination with the Chief Executive Officer:
 - Develop and maintain a risk register, using a risk analysis matrix for the prioritisation of risks for treatment.
 - Develop a Risk Management Strategy to assist with achieving full compliance with this Policy.
 - Undertake Risk Assessments for identified projects following annual budget preparations in accordance with AS/NZS ISO 31000:2009.
 - Develop and review risk management related policies and procedures.
 - Contribute to the development and maintenance of hazard and incident recording, investigation and reporting systems of Council.
 - Recommend and assist in implementing prevention and loss control programs and maintain records of Council's activities.
 - Monitor the accident reporting and recording procedure.
 - Review with supervisory staff all aspects of the risk management program on a regular basis and assist with workplace inspections and safety audits.
 - Ensure that adequate fire protection and security arrangements are in place to protect Council's assets.
 - Ensure that Council has appropriate insurance cover and that Policies are renewed.
 - Manage claims with the insurance broker on behalf of Council.
 - Provide reports to Council and senior management on all insurance claims and any risks.
 - Ensure all accidents and incidents reported are fully investigated and the appropriate corrective action has been taken.
 - liaise with Council's Public Liability Insurer on risk management issues and follow up on recommendations in the Audit conducted by those Insurers.

Employees, Contractors, Sub-contractors and Volunteers:

- Recognising the importance and value of risk management and the ongoing benefits to the community.
- Being committed to Council's adopted policy on risk management to protect employees, Councils assets and liabilities and the community against potential losses.
- Being committed to identifying and evaluating threats that present from time to time.
- Report to senior members of staff any issue that may give rise to a claim and objectively document observations.
- Carry out the services of Council with a commitment to due diligence.

- Perform duties in a manner, which is within an acceptable level of risk to their own health and safety, and that of other employees, Council's customers and the community in general.
- Make loss control/prevention a priority whilst undertaking daily tasks in Council's operations.
- Consult with the Health and Safety Committee representatives, where appropriate, to resolve health and safety issues.
- Report any hazard, incident, loss or near miss, as soon as they occur or are discovered, to their Supervisor and Council's Department Manager
- Be aware of the risk management philosophy and process within the organisation.
- Be aware of this Policy and Council's OH & S Policy.
- Assist positively with investigations related to incidents that have occurred as a result of a hazard or incident.

Audit Committee

- Review Council's Risk Management Register
- Recommend new procedures or amendments to existing procedures
- Monitor the recommendations and outcomes from risk management audits carried out by the LGA Mutual Liability Scheme and the LGA Workers Compensation Scheme

TRAINING

Council's Training Needs Analysis (TNA) is a tool used to (a) capture legislative requirements, and (b) identify individual tasks within specific jobs and the core competencies required for the safe performance of those jobs. Risk Management awareness training is captured on Councils TNA, to ensure the effective implementation of the Risk Management Framework.

Risk Management should be viewed as an umbrella that is overarching across all Council functions, not as a specialist skill that is owned by a designated risk management position. The Tatiara District Council views Risk Management as a skill and necessity that workers need to perform their day to day activities – each activity has an element of risk that, if overlooked or left unchecked, may result in undesirable outcomes.

Risk Management awareness training will be provided by Council to relevant workers and will take into consideration the role of the worker within the Risk Management Framework and the level of past risk management experience and knowledge.

Record of Amendments

Date	Revision No:	Reason for amendment
2 nd January 2003	Rev 00	Original Issue
10 th August 2004	Rev 01	Change to Corporate Mission Statement
9 th October 2007	Rev 02	Policy reviewed and adopted
13 th October 2009	Rev 03	Policy reviewed and adopted
13 th August 2013	Rev: 04	Policy reviewed and adopted

13 th March 2018	Rev: 05	Policy reviewed and adopted (Res# 521)
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APPENDICES

Definitions

Consequence:	Outcome of an event affecting objectives
Control:	Measure that is modifying risk
Establishing the Context:	Defining the external and internal parameters to be taken when managing risk
Event:	Occurrence of a particular set of circumstances
Exposure:	The risk exposure is a qualitative value of the sum of the consequence of an event multiplied by the probability of that event occurring
External Context:	External environment in which the organisation seeks to achieve its objectives
Inherent Risk:	Risk at time of risk assessment with existing/current controls
Internal Context:	Internal environment in which the organisation seeks to achieve its objectives
Likelihood:	Chance of something happening
Residual Risk:	Risk remaining after risk treatment
Risk Appetite:	Amount and type of risk that Council is willing to pursue or retain
Risk Assessment:	An overall process of risk identification, risk analysis and risk evaluation
Risk Management Framework:	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management
Risk Management:	Coordinated activities to direct and control an organisation with regard to risk
Risk Owner:	Staff member with the accountability and authority to manage a risk
Risk Rating:	Risk priority based on consequence and likelihood assessments
Risk Register:	Register of all identified risks, their consequences, likelihood, rating and treatments
Risk:	Effect of uncertainty on objectives
Stakeholder:	Person or organisation that can affect, be affected by, or perceive themselves to be affected by, a decision or activity

Consequence Table

Descriptor	Financial/Infrastructure	People	Reputation	Environmental	Legal/Regulatory / Policy	Service Delivery
Insignificant	Financial – low financial loss <\$100,000 impact on operating result	No Injury/First Aid only. No impact on morale	Some complaints or negative comments on Council's social media (< than 3 people). No media/political attention.	Minor Instance of environmental damage. Can be reversed immediately	Immaterial legal, regulatory or internal policy failure. No penalty or liability	Insignificant interruption to a service – no impact to customers/business
Minor	Financial – medium financial loss >\$100,000 and <\$1,000,000 or 1% of rate revenue	Minor Medical attention. Negligible impact on morale	Some Local Media or Political Attention. Community Concern – little adverse effect	Minor impact to environment. Can be reversed in the short term	Minor legal or regulatory/internal policy failure – resolved without penalty & minor liability exposure	Minor interruption to a service with minimal impact to customers/business
Moderate	Financial – high financial loss >\$1,000,000 and <\$2,500,000 or 2.5% of rate revenue	Significant Injury requiring medical attention. Short Term effect on morale and business	Significant Media Attention. Significant Public interest. Potential for adverse local media or potential attention	Moderate impact to environment. Localised damage that has potential to spread and reversed with intensive efforts	A repeated legal, regulatory or internal policy failure. Resulting in a penalty and potential liability exposure	Moderate Interruption to service delivery. Customer impact up to 48 hrs. Partial BCP action may be needed
Major	Financial – major financial loss >\$2,500,000 and <\$5,000,000 or 5% of rate revenue	Serious Long Term Injury. Temporary disablement. Significant impact on morale and business	Regional or State wide media Attention. Public interest. Long term effect on reputation	Severe Loss of environmental amenity, Danger of continuing environmental damage.	Systematic legal, regulatory or internal policy failure. Major penalty requiring full review. Significant liability exposure	Major interruption to service delivery, Customer impact > 7 days. Component of BCP action may be needed.
Catastrophic	Financial –catastrophic financial loss/exposure >\$5,000,000 or 5% of rate revenue	Major Injury/disablement or death. Long term effect on morale and performance of business	Community outrage about issue; community pages established on social media & high instance of posts on Council's social media pages. Organised community campaigning involving sustained coverage in state or national media.	Major loss of environmental amenity – irrecoverable environmental damage	Substantial failure in administering legal, regulatory and policy requirements. Significant penalty and liability exposure	Major interruption to delivery of all or most services for more than 14 days. Full BCP action required.

Likelihood Table

Likelihood	Explanation – Operations	Explanation – Projects/ Business Case
Almost Certain	It is expected to occur again, immediately or within a short period – likely to occur most weeks or months.	Could be expected to occur more than once during the study or project delivery
Likely	Will probably occur in most circumstances – several times a year.	Could easily be incurred and has generally occurred in similar studies or projects.
Possible	Could be incurred within a one – two year period.	Incurred in a minority of similar studies or projects
Unlikely	Could be incurred in a two - five year time frame.	Known to happen, but only rarely.
Rare	May occur in exceptional circumstances. Could be incurred in a 5-30 year timeframe.	Has not occurred in similar studies or projects. Conceivable but in extreme circumstances.

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