

ATTACHMENT 3

Overview of Council Risk Management Practices

DRAFT

(Appendix is current at March 2016)

Step 1: Identify Sources of Risk



Step 2A: Analyse Risk Consequences

| Consequence | People | Environment | Financial | Safety | Technology | Operational Performance | Regulatory | Asset Management |
|-------------------|--|---|-------------------|---------------------|--|--|---|---|
| Critical | Essential service failure that poses a critical safety risk to service users | Irreversible damage | Above \$1,000,000 | Death | | | Major breach where organisation faces criminal conviction | Condition of the asset poses a critical risk to users |
| Major | Essential service failure for more than 1 day Service or provider needs to be replaced Widespread negative coverage in media including television and papers | Harm requiring restorative work | Up to \$1,000,000 | Extensive injuries | Major corruption or loss of data that can't be recovered or failure of core systems for more than 2 days | Process is so inefficient or ineffective that it must be ceased immediately | Major breach where organisation faces heavy penalties | Condition of the asset causes a significant damage to property |
| Moderate | Temporary, recoverable service failure up to 1 day Issue raised in local community newspapers | Residual pollution requiring clean up work | Up to \$250,000 | Medical Treatment | Failure of core systems up to 2 days or non-core system up to 5 days | Process failure impacts service up to 1 day or requires significant injection of resources to maintain | Breach of legislation where the organisation is put under notice to remedy by external body | Inability of the asset to perform its function (service risk) |
| Minor | Brief service interruption up to half a day Customer complaints are escalated | Temporary pollution, e.g. burn off outside of Knox causes smoke to drift into Knox area for short period and dissipates | Up to \$50,000 | First Aid Treatment | Failure of core systems for up to half a day or non-core system up to 2 days | Process failure impacts service up to half a day | Systemic non-compliance with legislation that is identified and remedied in house | Failure to preserve the ongoing value of the asset (investment risk) |
| Negligible | Negligible impact, brief reduction/loss of service Customer complaints resolved in day-to-day management | Brief, non-hazardous, transient pollution | Up to \$5,000 | No Injuries | Failure of non-core system up to a day | Brief interruption to process that has negligible impact on service | Non-systemic incidents which are recognised and rectified during normal operations | Minor impact on the value of an asset at the end of its life cycle (investment risks) |

Step 2B: Analyse Risk Likelihood

| Likelihood | Description |
|-------------------|--|
| Almost Certain | The event is expected to occur in most circumstances |
| Likely | The event will probably occur in most circumstances possible |
| Possible | The event should occur at some time |
| Unlikely | The event could occur at some time |
| Rare | The event may occur only in exceptional circumstances |

Step 3: Evaluate the Risk

| Consequence | Negligible | Minor | Moderate | Major | Critical |
|--------------------|-------------------|--------------|-----------------|--------------|-----------------|
| Likelihood | | | | | |
| Almost Certain | Medium | Medium | High | High | Extreme |
| Likely | Low | Medium | Medium | High | Extreme |
| Possible | Low | Low | Medium | High | High |
| Unlikely | Low | Low | Medium | Medium | High |
| Rare | Low | Low | Low | Medium | Medium |

Step 4: Treat the Risk

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|----------------------|--|
| <i>Extreme Risks</i> | Must be eliminated/mitigated immediately |
| <i>High Risks</i> | Need urgent action within one month |
| <i>Medium Risks</i> | Need action within six months |
| <i>Low Risks</i> | May not require immediate action but will be reviewed annually |

Step 5: Monitor and Review Risks

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| <ul style="list-style-type: none"> Record actions in the Business Plans and follow up Refer residual risks with a rating of medium or above to Corporate Risk Register |
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