



Circular Head Council
Strategic Risk Register 21 May 2016

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|------------------|-------|-------------|---|----------------------------|------------|
| Risk Code | S 001 | Risk | COHESIVE LEADERSHIP - POLITICAL & MANAGERIAL Includes the relationships of Mayor/General Manager/Directors, Directors/Councillors, & Directors/Operational Managers. | Responsible Officer | Tony Smart |
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| Secondary Risk Category | Reputational People | Review Frequency | Annual |
|--------------------------------|------------------------|-------------------------|--------|

Risk Type Weakness

Initial Risk Assessment

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|--------------------|----------|---------------------|------------|
| Likelihood | Possible | Rating | High |
| Consequence | Major | Last Changed | 27/10/2015 |

Effectiveness of Controls Some Weaknesses



Causes Organisational vision and values not shared.
Local Government elections - process and subsequent changes.
Appointment/changes in Mayor or General Manager.
Significant changes in Elected Councillors or appointed Directors.
Mayor/Councillor/General Manager/Director/Manager personal agendas.
Long term absence of Mayor/General Manager or Directors.
Significant change in elected Councillors or Directors..
Unresolved conflict at Council or Director levels.
Leakage of information from Closed Meetings, Confidential Reports and Correspondence.

Consequences Ineffective influence lobbying at State and Federal levels.
Ineffective influence at regional level.
Inability to follow Strategic Plan.
Loss of organisational purpose.
Compromised financial governance.
Reputational damage to Council and the organisation.
Loss of Council and organisational productivity.
Inconsistent decision making at Council and by organisation.
Diminished customer service standards.
Undermining of corporate culture.
Missed opportunities.

Current Risk Assessment

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|--------------------|----------|---------------------|-------------|
| Likelihood | Possible | Rating | Significant |
| Consequence | Moderate | Last Changed | 05/11/2015 |

Effectiveness of Controls Some Weaknesses



Existing Controls Induction and training for Councillors.
Mayor & GM meet regularly.
GM & Directors meet regularly.
GM, Councillors and Directors participate in regular scheduled Council Workshops.
Open and transparent exchange of information.
Socialising at pre meeting meals and post meeting between Mayor, Councillors, GM and Directors.

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Risk Treatment Treat the Risk

- Risk Solution**
- Council, Directors and Officer collaboration on development of Strategic Plan.
 - Increased community engagement.
 - Maintain lines of communication between Mayor, Councillors and Directors & between Directors and Managers.
 - Membership of Local Government Association Tasmania (LGAT) and Local Government Professionals (LGP).
 - Ongoing professional development for Councillors and staff.
 - Retreat for General Manager and Directors for planning purposes.
 - Retreat for Mayor and Councillors.
 - Succession planning to ensure continuation of cohesive leadership (Councillors and Directors).
 - Team bonding sessions for Councillors and staff.

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| Risk Code S 002 | Risk COMMUNITY ENGAGEMENT Key stakeholder participation for Council decision making process. | Responsible Officer Tony Smart |
|------------------------|--|---------------------------------------|

Secondary Risk Category Reputational **Review Frequency** Annual

Risk Type Threat

Initial Risk Assessment

Likelihood Likely **Rating** Significant
Consequence Moderate **Last Changed** 27/10/2015



Causes Organisational lack of customer focus.
Lack of awareness of need to be inclusive of community engagement.
Inappropriate methods of communication utilised.
Untimely engagement.
Prioritisation of financial resources.
Resources (staff) unskilled in community engagement.
Lack of integration of community expectation with organisational ability to deliver.
Unwillingness to listen and properly consider feedback.
Reluctance to delegate decision making.
Lack of organisational buy in.
Lack of stakeholder buy in.
Misunderstood purpose.
Pre-emptive community feedback.

Consequences Loss of community support.
Negative public outcry.
Negative media coverage (social and traditional).
Suspicion directed toward Council.
Confrontational attitude of stakeholders.
Impact on staff and elected members - stress, moral & culture.
Division between council (Councillors & staff) and community.
Reactionary responses/impact on service delivery.

Current Risk Assessment

Likelihood Likely **Rating** Significant
Consequence Moderate **Last Changed** 27/10/2015

Effectiveness of Controls Some Weaknesses



Existing Controls Public Consultation Policy.
Existing Communications Strategy.
Employment of Communications Officer.
Project based consultation.
Council social media presence.
Staff training in IAP2 (International Association for Public Participation Australasia).

Risk Treatment Treat the Risk

- Risk Solution**
- Development of community engagement data base.
 - Further staff development in community engagement to progress corporate capability.
 - Implementation of Lean Management principles to Council (with customer focus).
 - Roll out of Project Communication Plans.

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|------------------|-------|-------------|--|----------------------------|------------|
| Risk Code | S 008 | Risk | COUNCIL DECISIONS MADE IN CONFLICT WITH QUALIFIED ADVICE | Responsible Officer | Tony Smart |
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| Secondary Risk Category | Reputational Financial | Review Frequency | Annual |
| | | Risk Type | Weakness |

Initial Risk Assessment

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|--------------------|----------|---------------------|-------------|
| Likelihood | Likely | Rating | Significant |
| Consequence | Moderate | Last Changed | 12/11/2015 |



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| Causes | Lack of knowledge and understanding. Community pressure. Appropriate advice not available at time of decision making. Councillor self interest. Biased advice. Conflict of interest. Vested interest. Lack of risks identified by Officers in Reports. Lack of training or outdated training/knowledge. |
| Consequences | Increase in legal risks. Potential financial repercussions. Media challenge to decision making. Loss of community cohesion and support. Loss of cohesion in decision making group - Council. Loss of Officer support. Negative effect on staff morale. |

Current Risk Assessment

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|--------------------|----------|---------------------|-------------|
| Likelihood | Likely | Rating | Significant |
| Consequence | Moderate | Last Changed | 12/11/2015 |



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| Existing Controls | Seek independent advice or external second opinion to avoid Officer bias. Opportunity to register Conflict of Interest. Current training and professional development. Local Government association of Tasmania (LGAT) membership. Integrity Commission training to Elected Members and Officers. |
| Risk Treatment | Treat the Risk |
| Risk Solution | ➤ Ongoing Elected Member professional development: *Ensuring unbiased democratic Council decision making *Ethical decision making *Public duty *Vested interest *Emotional attachment *No emotional attachment |

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| Secondary Risk Category | Operational Financial | Review Frequency | Annual |
| | | Risk Type | Weakness |

Initial Risk Assessment

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|--------------------|----------------|---------------------|------------|
| Likelihood | Almost Certain | Rating | High |
| Consequence | Moderate | Last Changed | 04/11/2015 |



Causes Undefined service standards.
Ad hoc/inconsistent customer service.
Inadequate community engagement on service standards.

Consequences Over servicing.
Under servicing.
Inefficiency and waste.
Inability to deliver services.
Loss of community support.

Current Risk Assessment

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|--------------------|----------------|---------------------|------------|
| Likelihood | Almost Certain | Rating | High |
| Consequence | Moderate | Last Changed | 06/11/2015 |



Effectiveness of Controls Some Weaknesses

Existing Controls Customer Service Charter.
Maintenance intervention standards.
Infrastructure standards - Local Government Association Tasmania (LGAT)/Institute of Public Works Engineering Australia (IPWEA).
Council Policies & GM Directives determine specific levels for some services.
Transparency of standards for some services - community acceptance of some standards.

Risk Treatment Treat the Risk

- Risk Solution**
- Benchmarking against other councils
 - Community engagement re Service Standards.
 - Continuous improvement process implementation.
 - Defining key personnel.
 - Defining Service Standards.
 - Develop a Succession Plan.
 - Develop standard workflows and costings.
 - Engrain customer service standards into organisational culture.
 - Update Business Continuity Plan

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| Risk Code | S 007 | Risk | FINANCIAL SUSTAINABILITY Security of external funding sources & ability to sustain a positive long term financial position. | Responsible Officer | Tony Smart |
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| Secondary Risk Category | Reputational | Review Frequency | Annual |
| | Financial | Risk Type | Threat |

Initial Risk Assessment

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|--------------------|----------|---------------------|------------|
| Likelihood | Possible | Rating | High |
| Consequence | Major | Last Changed | 04/11/2015 |



Causes

Loss or reduction in external funding sources (TasWater dividends, freezing of FAG Grants)
 Unplanned capital revenues with unplanned operational capacity.
 Funding of depreciation.
 Lack of understanding of council's financial position.
 Limited commercial revenue raising capacity.
 Limited community capacity to pay higher rates.
 Local election cycle - lack of ability to think long term.
 Lack of clear strategic priorities.
 Lack of project specification, costing and management.
 Cost shifting.

Consequences

Long term financial unsustainability.
 Ability/inability to own the future and remould organisation according to availability of funding.
 Operational deficits.
 Run down of cash reserves..
 Intervention by other forms of government (government reform).
 Application of restrictive financial guidelines.
 Inability to achieve goals and projects.
 Inability to meet community expectations/loss of confidence.

Current Risk Assessment

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|--------------------|----------|---------------------|------------|
| Likelihood | Unlikely | Rating | Medium |
| Consequence | Moderate | Last Changed | 06/11/2015 |



Effectiveness of Controls
Some Weaknesses

Existing Controls
Long Term Financial Plan.
Strategic Asset Management Plan.

Risk Treatment
Treat the Risk

- Risk Solution**
- Development of Service Standards.
 - Investigate opportunities to broaden organisational capability and understanding of financial sustainability and service delivery.
 - Move to open and transparent dealings with community and financial reporting.
 - Ongoing review of Long Term Financial Plan (LTFP) and Strategic Asset Management Plan (SAMP) including scenario analysis.
 - Review and improve service standards post Service Standards.

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| Secondary Risk Category | Operational | Review Frequency | Annual |
| | | Risk Type | Weakness |

Initial Risk Assessment

| | | | |
|--------------------|----------------|---------------------|------------|
| Likelihood | Almost Certain | Rating | High |
| Consequence | Moderate | Last Changed | 04/11/2015 |



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| Causes | Poor business systems across the organisation. Lack of business systems technological integration. Poor implementation and training for existing systems resulting in suboptimal utilisation of software capabilities. Lack of Information Technology and Knowledge Management Strategies. | | |
| Consequences | Compromised integrity and reliability of data and information. Inability to sustain critical business processes. Potential exposure to litigation. Duplication of information (waste of resources). Inaccuracy of information utilised (integrity and currency). Lack of evidence based decision making. Inability to react in a timely manner - untimely decisions. Inability to forecast and plan for future events. Inability to identify trending. Rework. Complacency & organisational apathy. Resource shared staff required to use different software at CHC and WWC. Inability to share data across CHC & WWC due to incompatible systems. | | |

Current Risk Assessment

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|--------------------|----------------|---------------------|------------|
| Likelihood | Almost Certain | Rating | High |
| Consequence | Moderate | Last Changed | 05/11/2015 |



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| Effectiveness of Controls | Some Weaknesses | | |
| Existing Controls | Engagement of Information Technology Officer. Engagement of Information Management Officer. Utilisation of stand alone software systems for most applications. Suite of existing service strategies based on socio economic demographic data. Implementation of Dataworks/ECM to centrally store the majority of council records. Migration towards electronic records management. Corporate knowledge. | | |
| Risk Treatment | Treat the Risk | | |
| Risk Solution | ➤ Information Technology Review - outside consultants engaged - awaiting outcome to determine strategy. | | |

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|------------------|-------|-------------|--|----------------------------|------------|
| Risk Code | S 006 | Risk | MEETING ORGANISATIONAL OBJECTIVES THROUGH EFFECTIVE/EFFICIENT USE OF HUMAN RESOURCES | Responsible Officer | Tony Smart |
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| Secondary Risk Category | Operational Financial People | Review Frequency | Annual |
|--------------------------------|------------------------------------|-------------------------|--------|

Risk Type Weakness

Initial Risk Assessment

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|--------------------|----------|---------------------|-------------|
| Likelihood | Likely | Rating | Significant |
| Consequence | Moderate | Last Changed | 04/11/2015 |



Causes

- No Corporate Plan.
- Skill set distribution.
- Critical skills shortage.
- Succession planning.
- Lack of workforce planning.
- Lack of understanding of work flow.
- Lack of role clarity.
- Lack of adaptability.
- Lack of recognition and reward (non financial).
- Improper feedback and inadequate rewarding of poor behaviour.
- Lack of performance management.
- Lack of career development.
- Failure to adhere to Workplace Health & Safety and other corporate practices.
- Insufficient skills to meet core duties at peak periods.

Consequences

- Inability to deliver agreed service levels.
- Business delays.
- Lack of consistency of delivery of service.
- Loss of corporate knowledge due to excessive staff turnover.
- Inability to attract and retain/develop and retain a skilled and capable workforce.
- Overwork.
- Staff burnout.
- Safety issues.
- Contempt.
- Loss of skilled staff.
- Vacant positions.
- Recruitment costs.

Current Risk Assessment

| | | | |
|--------------------|----------|---------------------|-------------|
| Likelihood | Possible | Rating | Significant |
| Consequence | Moderate | Last Changed | 04/11/2015 |



Effectiveness of Controls Some Weaknesses

Existing Controls

- Resource Sharing.
- Professional development programs.
- Recruitment of specialist HR capacity.
- Restructure and review of Position Descriptions.
- Limited Performance Review process.

Risk Treatment Treat the Risk

- Risk Solution**
- Alignment of pay and performance.
 - Develop Corporate Plan.
 - Develop Needs/Skills Matrix.
 - Development of Service Standards.
 - Employee training and development.
 - Human resource performance metrics and cost management.
 - Identify skills to deliver services.
 - Internal controls - policies and procedures.
 - Leadership development - emerging leaders - ongoing development programs - coaching - mentoring.
 - Lean workforce plan.
 - Maintain currency of professional standards and practices.
 - Talent management.
 - Update Performance Review process (PES).
 - Workforce/Succession Plan.

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| Risk Code | S 005 | Risk | ORGANISATIONAL/CORPORATE CULTURE | Responsible Officer | Tony Smart |
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| Secondary Risk Category | Operational Environment Reputational Financial Business People | Review Frequency | Annual |
| | | Risk Type | Weakness |

Initial Risk Assessment

| | | | |
|--------------------|----------|---------------------|-------------|
| Likelihood | Possible | Rating | Significant |
| Consequence | Moderate | Last Changed | 04/11/2015 |



- Causes**
- Lack of strategy and purpose.
 - Substandard business processes.
 - Lack of organisational leadership.
 - Individual values not aligned to organisational values.
 - Aggressive behaviour and assertion of self over organisation.
 - Unethical behaviours.
 - Tolerance of poor individual and/or group behaviours.
 - Inconsistent and biased decision making.
 - Poor/inconsistent performance management practices.
 - Integrity - ethics and behaviour.
 - Favouritism.
- Consequences**
- Poor business processes.
 - Inefficiencies and waste.
 - Missed/lost business/organisational opportunities.
 - Risk averse decision making.
 - Lack of accountability.
 - Lack of initiative.
 - Unhappy staff.
 - Organisation a safe haven for poor performers.
 - Disengagement.
 - Health risks to employees - includes absenteeism and increase in workers compensation claims.
 - Staff turnover.
 - Inability to attract and retain talented staff and elected members.
 - Disproportionate use of human resources to achieve goals (including excessive management time).
 - Impedes delivery of goals and objectives of Council.

Current Risk Assessment

| | | | |
|--------------------|----------|---------------------|-------------|
| Likelihood | Possible | Rating | Significant |
| Consequence | Moderate | Last Changed | 06/11/2015 |



- Effectiveness of Controls**
- Some Weaknesses
- Existing Controls**
- Leadership.
 - Living the Values training.
 - Elected member professional development.
 - Professional networking.
 - Workforce social networks.
 - Resource sharing.
 - HR Induction Manual.
 - Strategic Plan.

Risk Treatment Treat the Risk

- Risk Solution**
- Councillor engagement and involvement in setting strategic customer service standards.
 - Development and integration of the Murchison Plan.
 - Empowerment of staff to make decisions at the lowest possible level.
 - Introduction of Lean management practices.
 - Ongoing elected member professional development.
 - Organisational review (2015).
 - Review and restructure of internal organisational training.
 - Review of resource sharing.
 - Review of Strategic Plan.