Cork County Council
Risk Management Policy

Context

As an employer, service provider, regulatory body and statutory authority each Local Authority must act within a range of governance, legislative and other requirements. In this context, Risk Management is a practical tool that informs Council service provision plans and objectives. Whilst undertaking risk identification and control is worthwhile on its own merit, the specific outcomes are relevant to the business planning process as it provides assurance that reasonably foreseen risks and circumstances will not hinder the Council's service delivery objectives.

At its core this Risk Management Policy (RMP) seeks to

- Identify and classify risks at a corporate and operational level
- Address these risks in an appropriate manner
- Ensure that responsible staff monitor identified risks.

The following guidance has informed Risk Management Policy development.

- ISO guidance (31000:2009 Risk Management - principles and guidelines Appendix 1)
- Irish Public Bodies Mutual Insurance Local Authority Risk report.
- IPA input
- Current best practice

Senior Management Team has approved this Policy and the Chief Executive has assigned the Director of Corporate Services as Risk Monitoring Officer (RMO) to oversee policy development and Risk Management implementation across Cork County Council. This policy sets out the roles and responsibilities of Corporate Development Group members and all staff grades.

What is"Risk" and what key terms do I need to know?

"Risk" is 'the effect of uncertainty on objectives' (ISO Standard 31000:2009 Risk Management). Such effects can be both negative and positive.

"Outcome Uncertainty" is the essence of risk (whether positive or negative). Key risk assessment components include

- The likelihood of something happening
- The consequences following this occurrence.

"Risk Management" is the identification, assessment and addressing of risks.

"Risk Appetite" is the amount of risk that an organisation is prepared to accept or retain.

Appendix 2 contains a glossary of policy terms.

What are the key RMP objectives?

As Risk Management resources are finite, the RMP targets risk response based on risk evaluation following practical assessment. This Risk Response is based on an effective internal control process that relies on participation of managers and staff.

Key RMP objectives are as follows:

- ❑ Integrate Risk Management into the culture of the Council
- ❑ Manage risks in accordance with best practice.
- ❑ Anticipate and respond to changing social, environmental, legislative, political, economical, technological, competitive, and customer requirements.
- ❑ Prevent injury, damage and losses and reduce the cost of risk.
- ❑ Raise awareness of the need for Risk Management across all activities

How can we achieve these objectives?
By:

- Establishing clear risk management roles, accountabilities, responsibilities and reporting lines.
- Providing shared learning opportunities regarding risk management.
- Reinforcing effective risk management as an important part of Council activity from every day work up to and including the corporate and business planning process.

In terms of Risk Appetite the Council, Chief Executive and management team encourage

- Taking of controlled risks,
- Grasping of new opportunities
- Innovative approaches to achieve objectives

However all resultant risk exposures should rest within appropriate risk tolerance ranges and should not prejudice the following

- Reputation or relationship with other state bodies and agencies
- Organisational performance and particularly operational efficiency and effectiveness
- Control environment and internal control systems
- Adherence to governance, legal and regulatory obligations.

Any threat and opportunity with potential sizeable consequences on the above should be examined, its exposure defined and discussed with the relevant Director of Service.

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Risk Management Process

Cork County Council's Risk Management strategy requires the identification, classification, evaluation, monitoring and control of events and activities as shown below. This process is regular, cyclical and perpetual and should form part of any Business planning exercise. An appropriate and specifically tasked group of staff must carry it out at the relevant level and the process outcomes should then direct and control service delivery and other priorities. Staff must also be able to identify and address emerging or one off risks in a timely and effective manner.
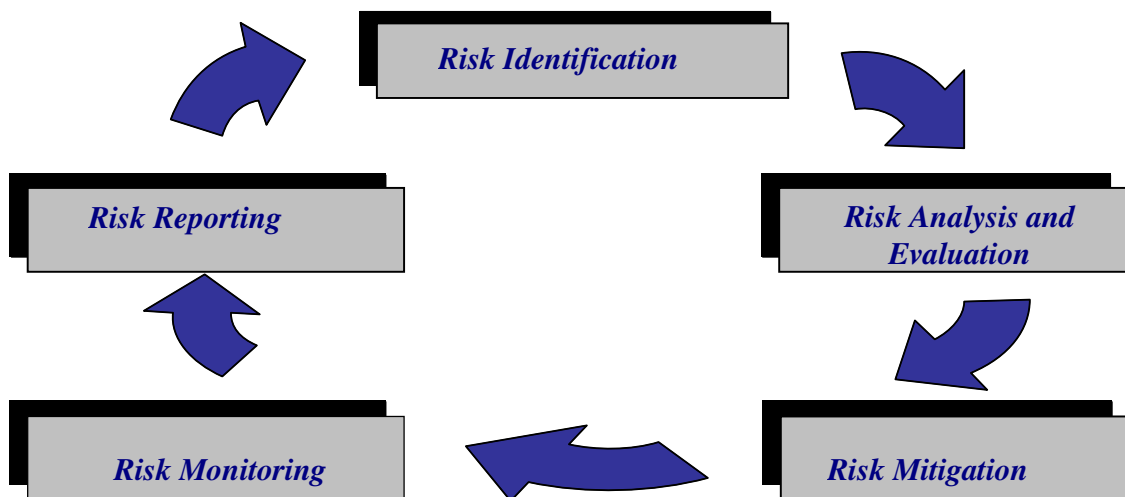
Risk Identification

Each organisational level (Corporate, Directorate, Section, and Team) should identify risk directly relevant to that level. The Corporate Level Risk Register will be made available to staff and all sub Corporate Risk Management processes should have regard to this. However, some Corporate Risks may be withheld if considered very sensitive by Corporate Development Group. In this case, CDG members will still have oversight of the risk identification process and may intervene appropriately at Directorate, Section or Team level.

Despite this, Grade 7+ staff or equivalent should carry out Directorate level risk identification and all staff will be involved in risk management identification at levels below this.

Risk Analysis and Evaluation

Risk analysis and evaluation requires proper analysis of the causes, likelihood and consequence of ineffective risk management and this analysis should be carried out by specifically tasked groups to include

- Risk identification
- Risk component analysis
- Risk likelihood ranking
- Risk consequence ranking
- Shared judgements and conclusions.

Risk Mitigation

Risk Mitigation is a critical aspect of Risk Management. Whilst line management oversees Risk Mitigation significant input will likely be required from operational or "front line" staff regarding effectiveness of existing measures and development of new mitigation measures aimed at containing Outcome Uncertainty to acceptable levels.

Please note that some risk may be unavoidable especially where it falls outside the Council's capability to manage to an acceptable or tolerable level. Where mitigation is possible then actions fall under the following four key aspects (known collectively as "Internal Control")

(a) Treat
This is the most likely mitigation response and allows the organisation continue with the risk related activity once the risk is contained to an acceptable level by mitigations, actions or controls.

(b) Tolerate
A particular risk exposure may be tolerable without mitigation if the negative consequences are minor. Even if intolerable, ability to address risks may be limited, or possible only at disproportionate cost to the potential risk reduction benefit. In such cases, risk tolerance may be the only response.

(c) Transfer
Transferral of cost/risk is an option particularly where conventional insurance can be obtained or where a third party assumes the risk. However, certain risks (particularly to reputation) are not fully transferable even if service delivery is outsourced.

(d) Terminate

Activity termination is sometimes the only option available to either treat or contain risks at an acceptable level. The Council's statutory requirements must be balanced against this option however.

Risk Monitoring

All relevant risks must be placed on a Risk Register which then directly informs Risk Monitoring procedures. The following Risk Register levels are particularly important.

- Corporate (as identified by CDG)
- Directorate (as identified by Senior Departmental Staff)
- Team (as identified by functional teams mainly AO and below)

Each Risk Register should concentrate on likely risks at the particular level and should not repeat risks already identified and addressed in a higher tier Risk Register. It is preferable to prepare these Risk Registers in a co-ordinated manner as part of Cork County Council's overall business planning process. However, it is acceptable to prepare, in isolation, an individual Risk Register related to a new function post consultation of higher tier Risk Registers. An appropriate person shall then be nominated to maintain and update each completed Risk Register. Nevertheless, responsibility for addressing and monitoring risk management activities will remain with the Line Manager.

In general, a Risk Register should include the following:

- A description of the risk;
- The category/type of risk;
- The current mitigations and actions in place to address the risk
- The likelihood of risk occurrence and the possible consequence in that case.
- An outline of additional proposed mitigation actions, where appropriate;
- who is responsible and accountable for managing that risk

Further Risk Register details are included in Appendix 3.

Risk Reporting

Directors of Service must review and refresh Risk Registers on a six monthly basis at minimum. Directors of Service must also regularly review progress on risk mitigating measures and actions.

Directors must also ensure that the appropriate staff are aware of relevant risk issues and resulting risk management actions. Elected members, the Audit Committee and the Local Government Auditor may also access details of these key risks.

Roles & Responsibilities

Specific responsibilities are as follows:

The **Chief Executive** is responsible for establishing and maintaining a sound system of internal Risk Management control that supports the achievement of policies, aims and objectives. This system should be able to evaluate the nature and extent of these risks and manage these effectively.

The **Corporate Development Group** are responsible for the following aspects of Risk Management including:

- Risk Management policy approval and monitoring of effectiveness.

- Developing and approving a Corporate Risk Register directly following Directorate Risk Register Reviews

- The Director of Corporate Services is assigned the Risk Monitoring Officer role.

Each **Director of Service / Head of Function/ Divisional Manager** is responsible for the management and implementation of the following in respect of the functions delegated to him/her:

- Ensuring compliance with risk management policy

- Identifying key risks and related issues and preparation/review of an appropriate Risk Register at least twice during the calendar year.

- Bring new risks to CDG for Corporate Risk Register inclusion where considered relevant

- Ensuring procedures for managing risk are fully understood and implemented by all staff

- Addressing priority risks

- Providing periodic reports to the Risk Oversight Committee on Risk Management practice and outcomes.

Further to the responsibilities of the Director of Service/ Head of Function/ Divisional Manager, each **Line Manager/Team Leader** has responsibility for the carrying out the elements, as assigned to him/her in relation to his/her area of operations.

All staff in the Council have a part to play in managing risk by:

- Being aware of the nature of risks in their day-to-day work;

- Monitoring the effectiveness of management procedures created to mitigate those risks identified;

- Responding to the changing nature of the risks faced by the organisation.

The **Risk Oversight Committee's** key role is to oversee and monitoring Risk Management Policy and ensuring that Corporate and Directorate risk registers and related management actions are established throughout Cork County Council

The **Audit Committee's** role is to review the appropriateness and implementation of Risk Management arrangements. The review may include an internal audit on the appropriateness and efficacy of the risk management policy and processes.

Organisational Development's role is to provide Risk Management practice guidance as requested and assist the Risk Oversight Committee as required.

International Standards Organisation (ISO) 31000:2009 Risk Management - principles and guidelines sets out the following **eleven principles** that should be complied with to make risk management effective in organisations.

Principles

For risk management to be effective, an organisation should at all levels comply with the principles below.

a) **Risk management creates and protects value**

b) **Risk management is an internal part of all organisational processes.**

c) **Risk management is part of decision making**

d) **Risk management explicitly takes account of uncertainty, the nature of that uncertainty and responses to same.**

e) **Risk management is systematic, structured and timely**

f) **Risk management is based on the best available information**

g) **Risk management is tailored**

h) **Risk management takes human and cultural factors into account**

i) **Risk management is transparent and inclusive**

j) **Risk management is dynamic, iterative and responsive to change**

k) **Risk management facilities continual improvement of the organisation.**

APPENDIX 2

GLOSSARY OF TERMS

Assurance	An evaluated opinion based on evidence gained from review, on the organisation's governance, risk management and internal control framework.
Exposure	The result, in consequence and likelihood terms, which may be experienced by the Council if a risk is realised
Inherent Risk	The exposure arising from a specific risk before any action has been taken to manage it.
Internal Control	Any action within the organisation taken to manage risk. These actions may be taken to manage either the impact if the risk is realised, or the likelihood of the realisation of the risk.
Residual Risk	The exposure arising from a specific risk after action has been taken to manage it and making the assumption that the action is effective.
Risk	The effect of uncertainty on objectives with the effect either positive opportunity or negative threat. It is assessed as the combination of likelihood and consequence, including perceived importance.
Risk Assessment	The evaluation of risk with regard to the consequence if the risk is realised and the likelihood of the risk being realised
Risk Appetite	The amount of risk that the Council is prepared to accept, retain, tolerate or be exposed to at any point in time in the pursuit of its core priority objectives.
Risk Management	All the processes involved in identifying, assessing, and judging risks, assigning ownership, taking actions to mitigate or anticipate them, and monitoring and reviewing progress.
Risk Register	The documented and prioritised overall assessment of the range of specific risks faced by organisation
Risk Owner	Usually the line manager associated with the activity from which the risk arises.
Risk Mitigator	Any member of staff with a specific risk mitigation role.
Probability	The extent to which something is likely to happen.
Impact	The extent to which an event or action affects an event, process or target.

APPENDIX 3
THE DIRECTORATE/TEAM LEVEL RISK REGISTER

- You should use this Risk Register template to identify key risks linked to specific Business/Team Plan objectives.

- You should complete the template sequentially from left to right as per guidance contained in the table.

- Each objective can have numerous risks and you should rank these according to Risk Ranking scores.

- You may have multiple teams carrying out similar roles in different geographic areas. As some risk assessment similarity will likely occur it is advisable to try to combine risks into one except where referring specifically to a particular area.

Team/Business Plan Objective	Objective code	Principal Risks	Existing Mitigations / Controls / Management Actions	Risk Ranking	Mitigation Suggestions	Actions	Accountable / Responsible / Ownership
A short description of same.	If applicable	You should specify the principal risks / opportunities related to the objective along with a short explanation and/or comments.	You should identify the _**current existing**_ _**actions**_ intended to directly mitigate and manage the principal risk.	You should establish the "Residual Risk" post mitigation based on Probability and Impact. A 1-5 scale must apply to both "Probability" and "Impact" as follows 1-Very Low 2-Low 3-Medium 4- High 5- Very High Please see Appendix 4 for examples of Probability and Impact Assessment scoring. Multiplying the Probability and Impact score results in the cumulative score for each risk. In general a cumulative score of <5 is considered low risk. A score of 6-12 is considered as medium risk and a score of >15 is considered as high risk. These risks can then be ranked to reflect importance You may find it beneficial to create a separate table or chart showing the relative Probability and Impact scores for all identified risks.	You should propose possible feasible and appropriate additional actions/mitigations to treat the risks identified.	How will these new Mitigation measures be put in place? Please indicate with reasons if not possible to put in place at this time.	Please identify both the "Risk Owner" and "Risk Mitigator" if appropriate. This should include names, grades and Employee ID Number

Appendix 4 Impact and Probability Assessment Scoring Examples

Area Impacted	Very Low	Low	Medium	High	Very High
Health and Safety	Adverse event leading to minor injury but not requiring first aid. No impaired Psychosocial functioning	Minor injury or illness requiring first aid treatment <3 days absence. <3 days extended hospital stay Impaired psychosocial functioning between 3-30 days	Significant injury requiring medical treatment e.g. Fracture and/or counselling. Reportable to the HSA or Gardai. >3days absence. 3-8 days extended hospital stay. Impaired psychosocial functioning for 1 to 6 months.	Major injuries/long term incapacity or disability (loss of limb) requiring medical treatment and/or counselling. Impaired psychosocial functioning >6 months	Incident leading to death or major permanent incapacity. Permanent psychosocial functioning incapacity.
Citizen/Customer Service Experience	Minor impact on service user experience i.e. due to inadequate information provision. Quickly rectified by front line staff.	Unsatisfactory service user experience related to poor treatment/ waiting times/ inadequate information. Likely to involve supervisor input.	Unsatisfactory service user experience possibly resulting in minor financial or entitlement loss. Likely to involve retrospective action from senior line management.	Unsatisfactory service user experience resulting in threats of legal action at Circuit Court level or brought up at Council Chamber.	Totally unsatisfactory service user outcome perhaps resulting in Departmental inquiry, Garda investigation or likely to result in High Court procedures.
Legislation or Standards compliance	Minor non compliance with internal standards. Small number of minor issues requiring improvement.	Single failure to meet internal standards. Local Management can easily address same after minor investigation.	Repeated failure to meet internal standards likely requiring an appropriate management action plan.	Repeated failure to meet external standards or legislation. Likely to require investment/retraining/significant process change on foot of a formal report or external input.	Gross failure to meet external standards/legislation resulting in external body investigation or media exposure. Major reputational or financial implications.
Objectives and Project implementation	Barely noticeable reduction in project scope/quality/schedule.	Minor reduction in project scope, quality or schedule.	Reduction in scope or quality of project, project objectives or schedule.	Significant project over – run resulting in delays or cost increases	Inability to meet project objectives. Reputational damage to organisation
Service provision	Interruption in a service not impacting on ability to provide service.	Short term disruption to service with minor impact on service user.	Some disruption in service with unacceptable impact on service user resulting in complaint.	Sustained loss of service resulting in major contingency plans being involved or brought up at Council Chamber. Service Level Agreement breach.	Permanent loss of core service or facility. Signification damage to reputation. Definite Service Level Agreement breach.
Reputation	Rumours but with no media coverage or voiced public concerns. No specific action needed.	Some local media coverage and public concern. May require internal investigation.	Significant adverse publicity circulated by Local media. Local demands for action. Likely to require a comprehensive review and active engagement with media. Informal inquires from Department.	Very significant adverse publicity circulated in National media for a period less than three days. Chief Executives or Mayors asked to formally comment. Specific written inquiries from Department. Performance brought up in Council Chamber.	Major adverse publicity circulated in national media for >3days. Comments by Minister/Taoiseach or questions in Dail. Very significant reduction in public confidence. Calls for sanction of individual officials. Public Inquiry.
Financial loss	<1k	1-5k	5-20k	20-100k	>100k
Environmental Damage	Emission Release noticed by staff and requiring minor operating amendment.	On site release contained by staff/equipment but requiring specific change in operating procedure.	On site release noted by the public/external bodies but of no lasting concern. Requires specific process change and public follow up.	Release affecting off-site area and requiring external assistance in support of Council staff. (fire brigade, radiation, protection service etc.) Some negative publicity and moderate clean up costs.	Major environmental accident affecting significant off site area, requiring activation of Major Emergency Plans and major external assistance. Calls for public inquiry and possible court cases.

Probability Assessment Scoring Examples

Very Low		Low		Medium		High		Very High	
Frequency	Probability	Frequency	Probability	Frequency	Probability	Frequency	Probability	Frequency	Probability
1 per 5 years	1%	1 per 2-5 years	10%	1 per 1-2 years	50%	1 per year	75%	monthly	99%