

This issue:

- ▶ Benefits from (and obstacles to achieving) strategic risk management
- ▶ Implications from the management of safety alerts
- ▶ Integrating risk management into local government activities

Getting the full benefit from Strategic Risk Management

The impact of the global financial crisis highlighted the importance of good quality risk management frameworks and processes. Organisations performed more favourably where they had previously identified their vulnerabilities and implemented controls for them, as well as identifying opportunities and taking advantage of them.

However, many organisations don't really know if their risk management programs are fully supporting the organisation's business objectives and strategic goals. There is also widespread lack of awareness of the obstacles within an organisation which may be preventing the program from achieving its potential.

Internal barriers to the successful operation of a risk management program can include:

- lack of upper management buy-in and support
- "silo mentality" preventing communication and cooperation across organisational areas
- differing understandings of the key principles of risk management



- differing criteria for determining the consequence and likelihood of risks
 - failure to link business objectives to key risk issues
 - failure to objectively evaluate the effectiveness of existing risk treatments
 - lack of personnel and financial resources
 - failure to regularly review the effectiveness of implemented risk treatments

A risk management audit from a third party is the most valuable way to determine if your organisation's risk management program is reaching its potential or suffering from these or other internal management malaises. An independent, objective review can more readily identify problems which may be invisible to internal auditors, and will provide actionable recommendations for the improvement of the program. [QRMC](#) can conduct a risk management audit designed to value the strengths of existing risk management practice whilst recognising areas in which improvement can be achieved.

Good management of Safety Alerts

In July 2010 a decision handed down by the Brisbane Industrial Magistrates Court highlighted the importance of appropriately managing and actioning broadcast safety alerts.

A first time offender, Bauer Foundations Australia Pty Ltd (BFA), received a \$200,000 penalty for a breach of the Queensland Workplace Health and Safety Act 1995, following the fatality of a worker in August 2009.

The penalty was higher than would normally have been expected in the context, because BFA had received two broadcast alert emails notifying them of the safety risk concerned in the fatality, but had not taken action.

As pointed out by [Freehills](#), this case highlights several key issues which need to receive due consideration from safety managers and executive management alike.

Firstly, the use of safety alerts places an obligation on both the sender and the receiver: the sender must construct the alert so as to clearly state the action(s) required to address the risk and

must also ensure that the intended recipients of the alert have received the communication; and the receiver must act on the alert promptly.

Secondly, documenting identified risks (including those raised in safety alerts) is both a necessary part of an effective safety management system, and a potentially incriminating activity for executive officers under the deemed liability provision in the event that sufficient action to address the identified risks has not been taken prior to a safety incident.



QRMC recommends that good safety management practices be implemented to minimise the chance both of a safety incident, and of prosecution for safety breaches, including:

1. Promptly developing controls

- for identified risks, and assigning responsibility and timeframes for their implementation
- 2. Regularly reviewing the effectiveness of implemented controls
- 3. Monitoring current industry alerts and taking prompt action
- 4. Ensuring that executive officers and safety managers receive training on their responsibilities and obligations under the relevant OHS legislation

- 5. Ensuring that safety communications are clear and not easily misinterpreted.

QRMC designs safety management systems and procedures, as well as training programs, to achieve these goals. Contact [QRMC](#) for an obligation free quote for the review or development of your safety management system or safety training program.

Risk Management integration in Local Government

QRMC Risk Management has first-hand knowledge of the ups and downs of local government management across Australia. Having worked closely with Councils over the last 12 years, we have experienced the operational issues and pressures on Councils and the ever-increasing regulatory frameworks within which local governments must operate. Sometimes the number of management, governance and compliance activities which need to be simultaneously administered can seem overwhelming; and focus and priority are often the first casualties.

However, QRMC recommends that a well-crafted risk management program can be used to assist with the prioritisation and integration of these requirements.



To achieve full value in this way, the risk management program needs to take an holistic view of the Council's operations across all levels. Risk registers for corporate and operational areas should be separate, to facilitate a strategic focus and the appropriate level of management involvement. However, the risk

identification process across all levels of Council's operations should be consistent, capturing risk issues and actions across all of Council's management systems.

Documented risk controls then identify the specific actions required to mitigate risk and maintain good governance and compliance. The implementation of these controls will serve as a lead indicator to the risk management process, and should also provide the foundation for the compliance and improvement activities required for other management systems and governance obligations.

Planning activities, monitoring and review schedules, and treatment action plan timeframes should be aligned to Council's planning and budgeting cycles. This will ensure that the planned actions to support the Risk Management program and all other governance and management systems are appropriately resourced.

[QRMC](#) can provide assistance to Councils wishing to review their management systems with a view to achieving better integration and efficiencies.

GPO Box 199, Brisbane Qld 4001

Phone + 61 7 3229 1744 Fax + 61 7 3229 1844 Email enquiries@qrmc.com.au

QRMC Risk Management Pty Ltd **ABN** 43 119 425 991

www.qrmc.com.au



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