



# Risk

# Management Plan

Construction of Pingelly Recreation & Cultural Centre

Prepared By:



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# Introduction

This Risk Management Plan has been developed specifically for the Shire of Pingelly for the design and construction of the Pingelly Recreation & Cultural Centre.

The Risk Management Plan outline is listed below:

## **A. Context**

- Project
- Strategic
- Organisational
- Risk Management Framework

## **B. Risk Identification & Analysis**

- Reference Tables
- Risk Register

## **C. Risk Response**

## **D. Roles & Responsibilities**

## **E. Monitoring and Review Programme**

## **F. Shire of Pingelly Risk Management Policy**

# Part A:Context

## **Project**

Shire of Pingelly has committed \$4,065,000 and is seeking matching funding from the Commonwealth Department of Infrastructure and Regional Development for the Pingelly Recreation & Cultural Centre.

Shire of Pingelly is committed to ensuring the Recreation & Cultural Centre realises its potential and will provide the opportunity for all residents and visitors to Pingelly to participate in a balanced program of sporting, recreational, fitness and social activities that enhance individual well-being and foster community spirit.

## **Strategic**

The strategic context is based on the Shire of Pingelly's Risk Management Policy and the Recreation & Cultural Centre being a significant project.

This Risk Management Plan has been prepared in accordance with "ISO 31000: 2009 Risk Management Principals and Guidelines". As such, with the management of the design, construction and commissioning of Recreation & Cultural Centre its aims closely mirror those of ISO 3100 in that it seeks to:

- (a) increase the likelihood of the project achieving its objectives
- (b) encourage proactive management
- (c) be aware of the need to identify and treat risk throughout the organisation
- (d) improve the identification of opportunities and threats
- (e) achieve compatible risk management practices between organisations and nations
- (f) comply with relevant legal and regulatory requirements and international standards
- (g) improve financial reporting
- (h) improve governance
- (i) improve stakeholder confidence and trust
- (j) establish a reliable basis for decision making and planning
- (k) improve controls
- (l) effectively allocate and use resources for risk treatment
- (m) improve operational effectiveness and efficiency
- (n) enhance health and safety performance as well as environmental protection
- (o) improve loss prevention and incident management
- (p) minimize losses
- (q) improve organisational learning; and
- (r) improve organisational resilience.

## **Organisational**

The intention of this Risk Management Plan is to ensure that all risks are clearly identified and appropriate treatment plans can be developed and meets the aims of the Shire's Risk Management Policy to ensure that all Shire operations are performed within the Council approved risk tolerance levels.

The communications strategies for the Risk Management Plan will be based on the contractual and reporting structures established for the project through the implementation of the Project Management Plan process. Periodic review by the Project Manager of the risks identified, and any necessary contingency plans will take place.

Further and on-going identification and assessment programs will be undertaken by the contractors (as appropriate) during the design, construction and commissioning phases for the Recreation & Cultural Centre.

Prior to the opening of the Recreation & Cultural Centre to the general public, a further detailed Risk Management Plan will be developed examining and assessing relevant levels of risk associated with day to day operations.

### Risk Management Framework

The following descriptors have been developed to assess the likelihood of a risk event occurring and are used in conjunction with the consequence descriptions to assess the level of risk.

## Part B: Risk Identification & Analysis

### Reference Tables

#### Consequence

| LEVEL | DESCRIPTION   | FINANCIAL IMPACT      | HEALTH   | REPUTATION  | OPERATION                                |
|-------|---------------|-----------------------|--|---|--|
| 1     | Insignificant | Less than \$1,000     | No injuries                                      | Unsubstantiated, low impact, low profile or no news item  | Little impact                            |
| 2     | Minor         | \$1,000 to \$10,000   | First aid treatment                              | Substantiated, low impact, low news profile   | Inconvenient delays                      |
| 3     | Moderate      | \$10,000 to \$50,000  | Medical treatment                                | Substantiated, public embarrassment, moderate impact, moderate news profile   | Significant delays to major deliverables |
| 4     | Major         | \$50,000 to \$150,000 | Death or extensive injuries                      | Substantiated, public embarrassment, high impact news profile, third party actions  | Non achievement of major deliverables.   |
| 5     | Catastrophic  | More than \$150,000   | Multiple deaths or severe permanent disablements | Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party action. | Non achievement of key objectives.       |

## Likelihood

| LEVEL    | DESCRIPTION           | EXAMPLES                                     | FREQUENCY                        |
|----------|-----------------------|--|----------------------------------|
| <b>A</b> | <b>Almost Certain</b> | Expected to occur in most circumstances      | More than once per year          |
| <b>B</b> | <b>Likely</b>         | Will probably occur in most circumstances    | At least once per year           |
| <b>C</b> | <b>Possible</b>       | Should occur at some time                    | At least once in three years.    |
| <b>D</b> | <b>Unlikely</b>       | Could occur at some time                     | At least once in ten years       |
| <b>E</b> | <b>Rare</b>           | May occur, only in exceptional circumstances | Less than once in fifteen years. |

## Level of Risk

| CONSEQUENCE               | INSIGNIFICANT | MINOR    | MODERATE | MAJOR   | CATASTROPHIC |
|---------------------------|---------------|----------|----------|---------|--------------|
| LIKELIHOOD                | 1             | 2        | 3        | 4       | 5            |
| <b>A – Almost Certain</b> | High          | High     | Extreme  | Extreme | Extreme      |
| <b>B – Likely</b>         | Moderate      | High     | High     | Extreme | Extreme      |
| <b>C – Possible</b>       | Low           | Moderate | High     | Extreme | Extreme      |
| <b>D – Unlikely</b>       | Low           | Low      | Moderate | High    | Extreme      |
| <b>E- Rare</b>            | Low           | Low      | Moderate | High    | High         |

The treatment of identified risks will be managed through the review, design and construction stages of the Recreation & Cultural Centre Project. The risk profile will be used as a guide for reviewing and managing the documentation that will be used to inform the design, construction, fit out and commissioning of the facility.

## Risk Register

| #  | Risk   | Likelihood | Consequence | Risk Score | Strategies on Risk  |
|----|--|------------|-------------|------------|---|
| 1  | Project objectives differ from community expectations  | Rare       | Minor       | Low        | <ul style="list-style-type: none"> <li>Future users and community members are representatives on the Focus Group.</li> </ul>  |
| 2  | Differing Focus Group expectations   | Possible   | Minor       | Moderate   | <ul style="list-style-type: none"> <li>Involve all stakeholders in development of concept plans.</li> </ul>   |
| 3  | Failure to secure adequate funding for entire project  | Possible   | Moderate    | High       | <ul style="list-style-type: none"> <li>Shire funds listed and approved by Council in budget and Long Term Financial Plan.</li> <li>Financial contributions from community groups has been confirmed.</li> <li>External funding sources including Department of Infrastructure and Regional Development to be approached for additional funds.</li> </ul>            |
| 4  | Inadequate funding to complete the project or sections of the project                          | Unlikely   | Moderate    | Moderate   | <ul style="list-style-type: none"> <li>Re-scope project focusing on time and resources.</li> <li>Regularly review budget and expenditure.</li> </ul>  |
| 5  | Inaccurate capital cost estimates/contingencies if funding not used within timeframe           | Possible   | Minor       | Moderate   | <ul style="list-style-type: none"> <li>Sign contract for construction by set project milestone.</li> <li>Ensure accurate budgets are prepared and subsequently managed by qualified staff.</li> <li>Ensure allocated funds are utilised in a timely and cost effective manner.</li> </ul>   |
| 6  | Delayed delivery of design and construction component, therefore delays in progress of project | Possible   | Minor       | Moderate   | <ul style="list-style-type: none"> <li>Ensure Purchasing Policy followed and contractors advised to follow timeframes to ensure payment and continuing business.</li> <li>A detailed schedule of works to be developed upon appointment of contractors.</li> <li>Regular project team meetings to be had to ensure projects are progressing on schedule.</li> </ul> |
| 7  | Budget exceeded  | Unlikely   | Moderate    | Moderate   | <ul style="list-style-type: none"> <li>Separate GL account created for project which all income and expenditure is to be credit/debited.</li> <li>Passed and forthcoming expenditure to be reviewed at each project team meeting ensuring it is on budget.</li> <li>Up to date cost estimates obtained.</li> </ul>  |
| 8  | Contractor non compliant with legislation  | Unlikely   | Moderate    | Moderate   | <ul style="list-style-type: none"> <li>Periodic audit of contractor's project plan.</li> <li>Contractor documentation fully verified prior to commencement.</li> <li>Implementation of Project Manager.</li> </ul>  |
| 9  | Principal Contractors not adhering to safety standards   | Unlikely   | Major       | High       | <ul style="list-style-type: none"> <li>Ensure OSH guidelines are in place.</li> <li>Identify all risks at all stages of the project.</li> <li>Manage and mitigate the risks identified – risk register to be updated and controlled by Project Manager.</li> <li>Provide advice, procedures and site risk assessments.</li> </ul>                                   |
| 10 | Risk of litigation, public liability and professional negligence                               | Unlikely   | Moderate    | Moderate   | <ul style="list-style-type: none"> <li>Ensure all contractors follow Shire procedures.</li> <li>Use on the Shire template for engagement.</li> <li>Ensure all insurance covers required are authorised LGIS.</li> </ul>   |
| 11 | Project unable to source adequate equipment  | Unlikely   | Moderate    | Moderate   | <ul style="list-style-type: none"> <li>Manage the progress of program and timeline – extend it required to finalise installations.</li> </ul>   |
| 12 | Operational Management change/issues   | Unlikely   | Moderate    | Moderate   | <ul style="list-style-type: none"> <li>Project Plan to include contingencies.</li> </ul>  |
| 13 | Negative impact on the environment   | Possible   | Minor       | Moderate   | <ul style="list-style-type: none"> <li>Compliance with environmental legislation and approvals.</li> </ul>  |
| 14 | Meeting project milestones   | Possible   | Minor       | Moderate   | <ul style="list-style-type: none"> <li>Continual review of project and scheduling at project team meetings.</li> <li>Detailed schedule of works to be completed upon appointment of contractor.</li> </ul>  |
| 15 | Contractors go out of business   | Unlikely   | Moderate    | Moderate   | <ul style="list-style-type: none"> <li>Due diligence completed during tender process to ensure contractors have proven track record, are financially sound and have the capability to complete works.</li> </ul>  |
| 16 | Extreme weather conditions   | Unlikely   | Minor       | Low        | <ul style="list-style-type: none"> <li>Include contingencies for inclement weather and/dangerous work conditions.</li> <li>Ensure appropriate safety equipment provided and used.</li> <li>Additional time has been allowed for during construction phase in the event of unexpected weather or natural disaster</li> </ul>   |
| 17 | Site security  | Unlikely   | Minor       | Low        | <ul style="list-style-type: none"> <li>Completion of a site security assessment.</li> <li>Necessary security in place from construction.</li> </ul>   |
| 18 | Negative impact on Council via media/public comment  | Unlikely   | Moderate    | Moderate   | <ul style="list-style-type: none"> <li>Communication plan developed and implemented.</li> <li>Community information kept up to date.</li> <li>Support confirmed from stakeholders regularly.</li> </ul>   |
| 19 | Insufficient supply of materials   | Unlikely   | Minor       | Low        | <ul style="list-style-type: none"> <li>Materials to be sourced well in advance of construction.</li> </ul>  |
| 20 | Delay in reporting and acquitting any funding received.  | Rare       | Minor       | Low        | <ul style="list-style-type: none"> <li>Project manager to monitor reporting dates, obtain relevant report templates and ensure completion well prior to deadlines.</li> </ul>   |

## Part C: Risk Response

There are four things Council will do about an identified risk. The strategies are:

- (a) **Avoid the risk.** Do something to remove it. Use another supplier for example.
- (b) **Transfer the risk.** Make someone else responsible.
- (c) **Mitigate the risk.** Take actions to lessen the impact or chance of the risk occurring. If the risk relates to availability of resources, draw up an agreement and get sign-off for the resource to be available. Council may also at this level accept the risk with the controls in place.
- (d) **Accept the risk.** The risk might be so small the effort to do anything is not worthwhile.

## Part D: Roles & Responsibilities

### Chief Executive Officer (Project Sponsor)

- Ensure the preparation of the Risk Management Plan
- Co-ordinate the implementation of the Risk Management Plan
- Encourage a management climate which is aware of and supports risk management
- Oversee development of processes to deal with new risk management issues

### Project Manager

- Provide advice on the implementation of the Risk Management Plan
- Ensure the ongoing review of risks and update of risk register is performed
- Review the risk and treatment registers periodically, assist with implementation and training issues
- Undertake practices and procedures to identify new risk management issues
- Oversee development of processes to deal with new risk management issues
- Ensure risk management controls and processes are built into strategic planning processes
- Monitor and review the risk management process throughout the life of the project
- Raise any item as required to the Project Sponsor



# Part E: Monitoring & Review

The Risk Register will be reviewed on a monthly basis by the Project Manager with a re-evaluation of the risks occurring. The results sent to the Project Sponsor for review and recommendations for alterations if required.

Risk status will be reported to the Project Sponsor on an agreed regular basis and risk identified able to be downgraded will be actioned on a timely basis.

Final evaluation at the completion of the project will be the responsibility of the Project Manager with the results communicated to all stakeholders.

# Part F: Risk Management Policy

## 2.7 Risk Management

### **Purpose**

The Shire of Pingelly (“the Shire”) Risk Management Policy documents the commitment and objectives regarding managing uncertainty that may impact the Shire’s strategies, goals or objectives.

### **Policy**

It is the Shire’s Policy to achieve best practice (aligned with AS/NZS ISO 31000:2009 Risk management), in the management of all risks that may affect the Shire, its customers, people, assets, functions, objectives, operations or members of the public.

Risk Management will form part of the Strategic, Operational, Project and Line Management responsibilities and where possible, be incorporated within the Shire’s Integrated Planning Framework.

The Shire’s Management Team will determine and communicate the Risk Management Policy, Objectives and Procedures, as well as, direct and monitor implementation, practice and performance.

Every employee within the Shire is recognised as having a role in risk management from the identification of risks to implementing risk treatments and shall be invited and encouraged to participate in the process.

Consultants may be retained at times to advise and assist in the risk management process, or management of specific risks or categories of risk.

## **Definitions (from AS/NZS ISO 31000:2009)**

**Risk:** Effect of uncertainty on objectives.

Note 1: An effect is a deviation from the expected – positive or negative.

Note 2: Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).

### **Risk Management:**

Coordinated activities to direct and control an organisation with regard to risk.

### **Risk Management Process:**

Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

### **Risk Management Objectives**

- Optimise the achievement of our vision, mission, strategies, goals and objectives.
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Enhance risk versus return within our risk appetite.
- Embed appropriate and effective controls to mitigate risk.
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhance organisational resilience.
- Identify and provide for the continuity of critical operations

### **Risk Appetite**

The Shire quantified its risk appetite through the development and endorsement of the Shire's Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Procedures and are subject to ongoing review in conjunction with this policy.

All organisational risks to be reported at a corporate level are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisations appetite and are to be noted within the individual risk assessment.

### **Roles, Responsibilities & Accountabilities**

The CEO is responsible for the allocation of roles, responsibilities and accountabilities. These are documented in the Risk Management Procedures (Operational Document).

### **Monitor & Review**

The Shire will implement and integrate a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

This policy will be kept under review by the Shire's Management Team and its employees. It will be formally reviewed annually.

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