



# RISK MANAGEMENT POLICY

## 1. Purpose

To provide information and guidance on Risk Management.

## 2. Definitions

**Risk** is defined as the exposure to occurrences that will have an impact, either positive or negative, on MCS Civils' organisational objectives. Risk arises out of uncertainty and has two elements:

- the frequency/likelihood of something happening; and
- the severity/impact of the consequences arising from the event.

**Risk management** is defined as the culture and processes for the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, assessing, treating, monitoring and communicating risks that will direct MCS Civil towards the effective and efficient management of potential opportunities and adverse effects.

## 3. Scope

This Policy applies to all MCS Civil employees, contractors, suppliers, clients and third parties during their dealings with MCS Civil, whether under the direction and control of MCS Civil, in the course of trading with MCS Civil, or otherwise. The policy extends to all current and future activities.

## 4. Policy Statement

### 4.1 Recognition of the need for risk management:

MCS Civil recognises the need for risk management to feature as a consideration in strategic and operational planning, day-to-day management and decision making at all levels in the organisation.

### 4.2 A commitment to implement risk management effectively:

MCS Civil is committed to managing and minimising risk by identifying, analysing, evaluating and treating exposures that may impact on the company, achieving its objectives and/or the continued efficiency and effectiveness of its operations. MCS Civil will incorporate risk management into its planning and decision-making processes. MCS Civil and its staff must implement risk management according to relevant legislative requirements and appropriate risk management standards.

### 4.3 A commitment to training and knowledge development in the area of risk management:

MCS Civil is committed to ensuring that all staff, particularly those with management, advisory and decision making responsibilities, obtain a sound understanding of the principles of risk management and the requisite skills to implement risk management effectively.

### 4.4 A commitment to monitor performance and review progress in risk management:



MCS Civil will regularly monitor and review the progress being made in developing an appropriate culture of risk management and the effective implementation of risk management strategies throughout the organisation as a basis for continuous improvement.

## **5. Principles**

### **5.1 Responsibility for Risk Management**

Risk management is considered an integral part of all management and decision-making functions within MCS Civil. The responsibility for the identification of risk and the implementation of control strategies and follow up remains a delegated line management responsibility. All stakeholders have a significant role in the management of risk. This role may range from initially identifying and reporting risks associated with their own jobs to participation in the risk management process. Chris Murphy, Managing Director, will facilitate the introduction and monitoring of risk management into key areas of the provision of services by MCS Civil.

### **4.2 Objectives of and Rationale for Risk Management**

1. MCS Civil, in its need for risk management, aims to:
  - (a) facilitate and review risk management activities across the company;
  - (b) integrate risk management into the management culture of the company; and
  - (c) foster an environment where staff assume responsibility for managing risks.
2. To secure its commitment to implement risk management effectively, MCS Civil aims to:
  - (a) implement risk management across all aspects of the company in accordance with best practice guidelines.
3. To secure its commitment to training and knowledge development in the area of risk management, MCS Civil aims to:
  - (a) ensure that performance in risk management is a consideration in the company's performance management systems; and
  - (b) ensure that staff and other stakeholders have access to appropriate information, training and other development opportunities in the area of risk management.
4. To secure its commitment to monitoring performance and reviewing progress, MCS Civil aims to:
  - (a) ensure that appropriate monitoring, review and reporting processes are in place in the area of risk management.
5. The objectives of risk management are to:
  - (a) provide a structured basis for strategic, tactical and operational planning across the company;
  - (b) enhance MCS Civil's governance and corporate management processes;



- (c) enable MCS Civil to effectively discharge its statutory and legislative financial management responsibilities;
  - (d) provide a practical framework for managers to assess risks inherent in the decisions they take;
  - (e) assist and motivate decision makers, at all levels, to make good and proactive management decisions that do not expose the company to unacceptable levels of risk of unfavourable events occurring which adversely impact on the attainment of organisational goals; encourage and commit decision makers to identify sound business opportunities that will benefit the company without exposing it to unacceptable levels of risk;
6. Minimise the risks of not identifying sound business opportunities;
  7. Protect the company from unacceptable costs or losses associated with its operations;
  8. Safeguarding of the company's resources - its people, finance, property and reputation;
  9. Assist the company in achieving its strategic objectives; and
  10. Create an environment where all staff assume responsibility for risk management.

## **6. Procedures**

### **6.1 Holistic Risk Management Process**

Risk must first and foremost be managed at the management level as part of the company's good governance and corporate management processes. This process, coordinated and facilitated by Mr Murphy, will involve the following key steps:

1. An annual risk identification exercise undertaken by management facilitated by Mr Murphy, which involves assessment of the consequence and likelihood of risk, the development and/or review of individual risk management plans for the risks identified which exceed the company's defined acceptable risks;
2. Wherever practicable the inclusion of a Risk Management Assessment for all business activities;
3. The incorporation of risk management into institutional strategic planning, operational and resource management planning processes;
4. Annual review of the risk management activities by Paul Bosson, Audit Officer;
5. At least annual reporting by the company in respect of risk management;
6. Ensure risk management processes are incorporated into the quality assurance and improvement systems of the company;
7. Clearly define and document escalation procedures for risk management;
8. Ensure a consistency in approach of responses to the same risk by different sections of the company;
9. Document all risks with a potentially high impact, as assessed on the basis of their likely occurrence or impact; and
10. Test documented risk management procedures at appropriate intervals.



**6.1.1 Risk Management as a Delegated Line Management Responsibility**

Risk management is a delegated line management responsibility. It is the responsibility of all line managers to continually monitor their areas of responsibility to ensure that risks are identified and managed. Line managers should ensure that a contribution is made to the whole-of-company risk management process, on behalf of their areas of responsibility, that identifies risks at all levels.

The sharing of documented responses to risks and knowledge of risk management principles and procedures will be fostered between line managers to ensure consistency across the company.

On an annual basis, line managers should review all activities to ensure that any unacceptable risk exposures are identified and managed at an appropriate level. All operational sections will be required to report on risk management as part of the institution's annual operational and resource management process.

**6.1.2 Individual**

Each employee or other stakeholder throughout the company has a role in the risk management process and is responsible for actively participating in the risk management process as appropriate to their position within the company.

**6.1.3 Management of Risks Associated with New Opportunities**

In addition to the risks that already exist, MCS Civil is continually exposed to new risks particularly from the introduction of new activities. The new risks should be incorporated into the initial planning and assessment processes conducted prior to undertaking the activity and, subsequently, into the annual risk management assessment at the appropriate level(s) of activity and management.

**6.2 Principles to be Applied**

The principles of risk management shall be applied to all areas of risk exposure, insurable and non-insurable, and shall include, but not be limited to the following areas:

<b>Insurable Risks</b>	<b>Non-Insurable Risks</b>
<ul style="list-style-type: none"> <li>• Insurable workplace health and safety risks</li> <li>• Fire prevention measures and security precautions</li> <li>• Property loss and damage</li> <li>• Fleet management</li> <li>• Professional negligence</li> <li>• Legal liability</li> <li>• Other liability</li> </ul>	<ul style="list-style-type: none"> <li>• Non-insurable workplace health and safety risks</li> <li>• Crisis contingency planning and disaster recovery</li> <li>• Accounting controls that are not cost effective</li> <li>• Loss of key staff and intellectual property</li> <li>• The impact of globalisation on risk exposures</li> <li>• Management system inadequacies and poor work quality</li> <li>• Failure or disruption of a major income source or investment</li> </ul>



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### **6.3 Review**

MCS Civil will regularly monitor and review the progress being made in developing an appropriate culture of risk management and the effective implementation of risk management strategies throughout the organisation.

### **6.4 Guidance on Acceptable Risk**

Through its monitoring, review and reporting functions, the management team will ensure that the company maintains a consistent approach to its assessment of acceptable risk.

### **6.5 Documentation**

Each stage of the risk management process shall be appropriately documented. The extent of documentation required is dependent on the nature of the risk. Documentation will be controlled so as to inform part of an auditable quality management process.

### **6.6 Compliance**

A compliance statement should be provided by each line manager as formal acknowledgement of their responsibility to comply with risk management policies and procedures. Each employee should have included in his/her Position Description a responsibility for risk management, and Annual Performance Appraisals should include an appropriate assessment thereof.

### **6.7 Staff Development**

Management shall ensure that staff have available to them appropriate information and training opportunities in risk management as appropriate to their position and role within the company.