

<b>Title:</b>	<b>Enterprise Risk Management Policy</b>
<b>Type:</b>	<b>Council</b>
<b>Adopted:</b>	23 October 2019
<b>File No:</b>	19/59313
<b>Attachments:</b>	Nil

### 1. Purpose

The purpose of this Policy is to promote an integrated and consistent approach to risk management across Council so that the risks affecting the achievement of Council objectives are identified, assessed and treated to an acceptable level.

### 2. Rationale

It is incumbent on Council to understand how changes to its internal or external environment may impact upon, and prevent it from successfully achieving its objectives, delivering its services or capitalising on its opportunities. Having processes in place to identify, mitigate, manage and monitor these risks ensures the best possible outcomes for Council, staff and the community.

### 3. Scope

The Policy covers strategic and operational risk and applies to all Council operations and personnel including Councillors and contractors.

### 4. Definitions

Reference Term	Definition
Enterprise risk management Framework	Includes the methods and processes used by Council to manage risks and seize opportunities related to the achievement of its objectives.
Operational risk	Risks associated with the delivery of services and the day to day business activities of Council including the effectiveness and efficiency of its operations.
Risk owner	The Risk Owner is responsible for managing and monitoring the risks assigned to them, updating the risk register as required, and developing and implementing assigned treatments.
Strategic risk	Strategic risks are risks that could affect the achievement of Council's vision or strategic objectives.
Risk	The effect of uncertainty on objectives. It is the extent to which an event or unexpected change in circumstances will affect Council and prevent the achievement of Council's objectives.
Risk appetite	The amount and type of risk Council is prepared to take or tolerate in the achievement of its objectives.
Residual risk rating	The risk remaining after measures have been taken to modify or control the risk or reduce an undesired consequence.

## **5. Policy**

### **5.1 Enterprise Risk Management Principles**

Council is committed to:

- maximising its capacity to achieve its strategic goals for the community by integrating risk management into its governance, decision making, corporate and business planning processes and day to day operations
- creating an environment where all Council employees share responsibility for managing risk (by developing and maintaining a strong risk management culture)
- behaving as a responsible corporate citizen protecting employees, clients, contractors, visitors and the general public from injury and unnecessary loss or damage
- being consistent in the way risks to the achievement of its objectives are identified, assessed, managed, monitored and reported.

### **5.2 Organisational Culture**

Council is committed to an organisational culture that promotes and facilitates the proactive management of risk and its integration with business planning, operations and service delivery.

This proactive risk culture will be promoted where:

- the executive leads the organisation's approach to risk management 'from the top' by modelling positive risk management attitudes, approaches and behaviours
- risk management is seen as an important discipline and management tool
- there is a clear expectation that risk management is an integral part of the day to day decision making and operations
- decisions are made with full knowledge of opportunities, uncertainties and possible consequences
- risk management is a collaborative process where people are free to challenge issues
- risk management is the shared responsibility of all staff and where staff are supported to identify, raise and increase awareness of risks.

### **5.3 Roles and Responsibilities**

The Chief Executive Officer (CEO) has the ultimate responsibility for ensuring that risk is effectively managed across the organisation.

The Executive Management Team (CEO and Directors) is responsible for implementation of this Policy, including:

- overseeing the development and organisation-wide implementation of the Council's risk management framework
- monitoring and managing Council's risk exposure
- setting the organisation's risk appetite
- reviewing the effectiveness of the framework in identifying and managing significant risks.

Directors are accountable for risk management performance within their Directorates, including ensuring the risk management framework is fully implemented and that Council's risk exposure is effectively managed in accordance with the organisation's risk appetite.

Managers are accountable for implementing risk management practices in their area of responsibility. This includes ensuring that risks are identified, assigned to risk owners, managed, reviewed and that corporate risk registers are updated regularly.

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## Enterprise Risk Management

The Manager Governance and Risk is responsible for supporting the Executive Team and Managers in the implementation of the risk management framework across the organisation, by:

- overseeing the establishment and continual updating of the corporate risk registers
- providing and continually enhancing the systems, processes, induction/training and advice necessary to support effective risk management
- monitoring and reporting to the Executive Management Team on organisational risk management performance.

All employees are responsible for applying risk management practices in their area of work.

The Audit and Risk Advisory Committee is responsible for independently reviewing management's approach to risk including the adequacy of the risk management policy and framework and its capability to identify, address and manage risks throughout the organisation. The Audit and Risk Advisory Committee also reviews and provides advice to Council on the strategic and operational risk exposure of Council.

Council is responsible for ensuring that it has a risk management framework and policy, which is well communicated and implemented throughout the organisation, and reviewed regularly. The Council also reviews the organisation's performance in managing Council's exposure within agreed tolerances.

#### 5.4 Risk Appetite Statement

As a public authority, Council has a relatively conservative appetite for risk and risks with a residual rating of Extreme will not be tolerated in any form. In addition, Council has no appetite for risks which will:

- have a significant negative impact on Council's long-term financial sustainability
- result in major breaches of legislative requirements and/or significant successful legal claims against the Council
- compromise the safety and welfare of staff, contractors and/or members of the community
- cause significant, irreparable and unjustifiable damage to the environment
- result in major disruption to the delivery of key Council services
- result in serious and/or ongoing damage to the Council's reputation
- result in significant loss of key assets and infrastructure.

The level of risk exposure Council is willing to accept in the pursuit of its objectives is summarised below:

<b><u>Residual Risk Rating</u></b>	<b><u>Minimum treatment required</u></b>	<b><u>Description</u></b>
<b>Extreme risk</b>	Reject and avoid or mitigate	Urgent and immediate action required in consultation with a Director to either avoid the risk entirely or to reduce the risk to a low, medium or high rating. CEO to monitor status of these risks
<b>High risk</b>	Accept and mitigate	These risks need to be assigned to a Manager or higher level and mitigated with actions as soon as possible. Director to monitor status of these risks
<b>Medium risk</b>	Accept and monitor	Manage by specific monitoring or response procedures at a Manager level
<b>Low risk</b>	Accept, no action required	Manage by routine procedures

#### 5.5 Risk Management, Monitoring and Reporting

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Council will maintain a risk register for all known risks affecting Council. Risks will be identified as either strategic or operational and assessed as Extreme, High, Medium or Low based on consequence and likelihood.

All identified risks will be assigned to a risk owner with responsibility for managing and monitoring the risks assigned to them, updating the risk register as required, and developing and implementing assigned risk treatments.

The Executive Management Team will be responsible for monitoring strategic and operational risks, the effectiveness of controls and the implementation status of additional treatments. The Executive Management Team will report strategic and operational risks with a high residual risk rating to the Audit and Risk Advisory Committee quarterly and Council six monthly.

Managers are required to review risks as part of the annual business planning process. Risk controls and treatment plans will be embedded in business plans, where relevant, and assigned to individuals to implement. All risks with a residual rating of high will be considered a priority to address in terms of the allocation of resources through the annual business planning and budget process.

### **6. Related Policies, Strategies and Legislation**

- Council Plan 2017-2021
- Employee Code of Conduct
- Councillor Code of Conduct
- Fraud Prevention and Control Policy
- AS/NZS ISO 3100:2018 – Risk Management - Guidelines
- *Local Government Act 2009*
- *Protected Disclosures Act 2012*
- *Independent Broad-based Anti-corruption Commission Act 2011*
- *Integrity and Accountability Legislation Amendment (A stronger system) Act 2016*

### **7. Council Plan**

This Policy is linked to the 'Our Promise' Council Plan objective.

### **8. Management and Review**

The Enterprise Risk Management Policy will be reviewed every three years by Council.

### **9. Consultation**

Nil.

### **10. Human Rights Charter**

This Policy has been developed with consideration of the requirements under the Charter of Human Rights and Responsibilities.