

Risk Management Policy – Draft

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1. Purpose

Federation Council has adopted a Community Strategic Plan that consolidates the current and future aspirations of the community into five Strategic Directions, each of which contains supporting Strategic Objectives.

- Community and Culture
- Infrastructure and Services
- Rural, Urban Development and Local Economy
- Natural Environment
- Local Governance and Finance

Council is publically committed to the achievement of these Strategic Objectives. All threats to the achievement of these stated objectives will be identified, analysed, controlled, in order to eliminate or minimise these risks. The process will be documented.

2. Background

Federation Council's risk management framework and processes are in accordance with AS/NZS ISO 31000:2009 – Risk management – principles and guidelines, SA/SNZ HB 436:2013 – Risk management guidelines – Companion to AS/NZS ISO 31000:2009 and ISO Guide 73 – Risk management - Vocabulary.

Council has obligations and responsibilities under a large number of Acts and Regulations. In relation to the management of risk, the following are some of the key pieces of legislation affecting Council operations:

Local Government Act 1993 and (General) Regulation 2005
Work Health and Safety Act 2011 and Regulation 2017
Environmental Planning and Assessment Act 1979
Roads Act 1993
State Records Act 1998
Civil Liability Act 2002

Federation Council recognises that the delivery of services and facilities to the community imposes a “duty of care” on Council to ensure that all reasonably foreseeable risks of someone suffering some sort of loss or harm are eliminated or mitigated. Council also acknowledges that the exercise of due diligence is vital in the provision of services and facilities, and will ensure all procedures and processes incorporate due diligence steps within the limits of our financial and other resources. (CLA S42, 43, 45)

3. Scope

This Policy is applicable to all Councillors, Senior Management, Supervisors and staff, contractors and volunteers of Council and encompasses all functions, activities and processes undertaken by Council in the achievement of all its stated objectives.

4. Definitions

Risk is defined as “the effect of uncertainty on objectives” and risk management as the “co-ordinated activities to direct and control an organisation with regard to risk”.

Risk Management Policy is defined as a “statement of the overall intention and direction of an organisation related to risk management”.

Risk Appetite is “the amount of risk an entity is willing to accept or retain in order to achieve its objectives”.

A **Risk Management Strategy** provides direction to managing risk. It builds in a three line process for regularly controlling risk and compliance obligations, confirming effectiveness of risk and compliance controls and the oversight of the those activities through audit.

Audit, Risk and Improvement Committee (ARIC) - Council resolved 91/17FC that in accordance with the Office of Local Government Internal Audit Guidelines and Part 4A of the Local Government Amendment (Governance and Planning) Act 2016, Council adopt the revised Audit Risk and Improvement Committee Charter dated June 2017.

The role of the ARIC is to provide the Councillors and Senior Management Team with information relating the performance of Risk Management, control and governance processes, and recommendations for any necessary improvements.

5. Policy Statement

Federation Council recognises that better decision making occurs when risks are identified and analysed as an integral part of every job/action undertaken at any level of Council, and consequently “the effects of uncertainty” are, as far as possible, minimised.

Federation Council has adopted the following Risk Appetite Statements:

Assessment	Description
High Risk Appetite 5	The Council accepts opportunities that have an inherent high risk that may result in extensive reputation damage, financial loss or exposure, extensive disruption in service delivery or breakdown in information systems or information integrity, significant incidents (s) of regulatory non-compliance, potential litigation and risk of serious trauma injury to members of staff and/or the public.
Moderate Risk Appetite 4	The Council is willing to accept risks that may result in major reputation damage, financial loss or exposure, major disruption in service delivery or breakdown in information systems or information integrity, significant incidents (s) of regulatory non-compliance, potential litigation and risk of serious injury to a staff member and/or the public.
Modest Risk Appetite 3	The Council is willing to accept some risks in certain circumstances that may result in significant reputation damage, financial loss or exposure, significant disruption in service delivery or breakdown in information systems or information integrity, serious incidents (s) of regulatory non-compliance, risk of significant injury to a staff member and/or the public.
Low Risk Appetite 2	The Council is not willing to accept risks in most circumstances that may result in minor reputation damage, financial loss or exposure, minor disruption in service delivery or breakdown in information systems or information integrity, minor incidents (s) of regulatory non-compliance, risk of minor injury to a staff member and/or the public.
No Risk Appetite 1	The Council is not willing to accept risks under any circumstances that may result in reputation damage, financial loss or exposure, disruptions in service delivery or breakdown in information systems or information integrity, incidents (s) of regulatory non-compliance, risk of injury to staff and/or the public.

Federation Council has *no risk appetite* for any risk that may constitute a threat to the health, safety and welfare of councillors, staff, contractors, volunteers and all other persons.

Risk Management Strategy and Processes

A Risk Management Strategy provides direction to managing risk. It relies on the three lines of defence approach, these being:

- 1st Line of Defence – Departmental Managers
- 2nd Line of Defence – Risk Management and Compliance Functions
- 3rd Line of Defence – Internal and External Audit

The Risk Management Process is the “how to” element of the Framework and is defined in the ISO Standard as “systematic application of management policies, procedures and practices to the tasks of communicating, consulting, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk.” This involves consideration of the organisation’s risks in relation to the following:

- Communication and Consultation
- Establish the context
- External context
- Internal context
- Risk management context
- Risk identification
- Risk analysis
- Risk registers
- Inherent likelihood
- Inherent impact
- Inherent risk rating
- Risk mitigation/treatment
- Residual risk
- Residual risk evaluation

The Risk Management Plan is a document within the risk management framework specifying the approach, the management components and resources to be applied to the management of risk. These components typically include procedures, practices, assignment of responsibilities and sequence of activities. Federation Council Risk Management Plan has adopted the Plan Do Check Act Cycle (PDCA) in the writing of the Plan.

6. Responsibilities

Council

The Council is responsible for the oversight of Risk Management and may obtain advice and guidance from appropriate sources within and outside Council. The Councillors are responsible for ensuring that the non-achievement of one or more Strategic Objectives and/or Strategic Actions is not due to the failure to address risk.

General Manager

The General Manager is responsible for the implementation and effective operation of the organisation’s Risk Management, including the allocation of adequate resources, and responding to and reporting on significant risks that may arise from time to time. The General Manager is responsible for ensuring that the non-achievement of one or more Strategic Objectives and/or Strategic Actions is not due to the failure to address risk.

MANEX ie Senior Management Team (SMT)

Departmental Directors that make up the Senior Management Team are responsible for the effective operation of Risk Management within their respective departments and the timely reporting of any significant risks that may

arise. The Senior Management Team is responsible for ensuring that the non-achievement of one or more Strategic Objectives and/or Strategic Actions is not due to the failure to address risk.

Staff

All Supervisors in particular, and employees in general, are responsible for avoiding unnecessary risks to themselves, co-workers and the public, Council and private property and image, and to report through their supervisors any activities or conditions that may result in unacceptable risks.

Audit, Risk and Improvement Committee (ARIC)

The Audit, Risk and Improvement Committee is to provide the Councillors and Senior Management Team with information relating the performance of the organisation’s Risk Management strategies, documentation, plans and processes and recommendations for improvements if necessary.

In particular, the Audit, Risk and Improvement Committee (ARIC) must keep under review the following aspects of council’s operations:

- Compliance
- Risk management
- Fraud control
- Financial management
- Governance
- Implementation of strategic plan, delivery program and strategies
- Service reviews
- Collection of performance measurement data by the council
- Any other matters prescribed by the regulations

7. References & Associated Documents

Risk Management Framework
Risk Management Plan
Risk Management Procedures
Internal Audit Charter and Plan
Work Health and Safety Policy
Work Health and Safety Framework
Work Health and Safety Plan
Work Health and Safety Procedures
Statewide Mutual Manuals and guidance material and Continuous Improvement Pathway Workbooks

8. Policy History

Version	Date	Changes / Amendments
1		

9. Reviews

Enter review schedule for the policy

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