

POLICY OBJECTIVES

The objectives of this policy are to:

- Outline Council's commitment to an integrated approach to the management of risk in all forms which may have an adverse effect on achieving Council's objectives.
- Acknowledge that managing risk is part of governance and leadership, and is fundamental to how the Council is managed at all levels.
- Integrate risk management into Council's decision-making to assist in making informed choices for the benefit of the organisation, the Edward River Community and our stakeholders.
- Promote an atmosphere of risk awareness and willingness to manage risk at all levels of the organisation.

LEGISLATION AND INDUSTRY GUIDANCE

- Local Government Act (NSW) 1993
- Local Government (General) Regulation 2005
- NSW Work Health Safety Act 2011
- AS ISO 31000:2018 *Risk management – Guidelines* (the standard)
- COSO – Enterprise Risk Management: Integrating with Strategy and Performance,

SCOPE

This policy applies to all areas of Council operations and includes all Councillors, Council employees, contractors and volunteers undertaking any function for, or on behalf of, Edward River Council. It is not intended to be a prescriptive instruction in the management of risk. This policy is supported by an Enterprise Risk Management Framework that incorporates legislative and industry guidelines, better practice instruction and internal procedures and processes.

POLICY STATEMENT

Edward River Council is committed to safeguarding the community, managing Council's resources effectively and achieving the goals as outlined in Council's Delivery Program.

As such, Council will take a structured and integrated approach to the management of its risks, where a risk is defined (in the standard) as "*the effect of uncertainty on objectives*". This definition can include any threat or opportunity that could potentially prevent, delay or impede Council from meeting its planned objectives, or conversely, potentially improve the potential for success. Through the Enterprise Risk Management Framework (including this policy), we will address these threats and opportunities through:

- Having an integrated approach to the identification, management, and mitigation of risk in all forms.
- Ensuring that the management of risk is an integral part of Council's decision-making, functions, operations, and processes.

- Promoting a workplace culture of risk awareness including ensuring that Council employees and contractors have the knowledge and tools to manage risk.

The Enterprise Risk Management (ERM) approach utilised by Council primarily follows AS ISO 31000:2018 *Risk management – Guidelines*. Other risk management standards will be utilised in Council’s ERM Plan as appropriate.

ACCOUNTABILITIES AND RESPONSIBILITIES

Accountabilities and responsibilities for the management of risk are specified in this policy and should also be reflected in performance plans and job descriptions.

| Position | Accountabilities and Responsibilities |
|--|---|
| Councillors | <ul style="list-style-type: none"> • In consultation with the Executive Management Team (EMT) and Audit, Risk and Improvement Committee (ARIC) <ul style="list-style-type: none"> ○ Approves the Council’s appetite for taking and/or retaining risk ○ Approves the Council’s strategy with consideration of the risk appetite and the threats and opportunities to the Council from that strategy. ○ Approves the strategic goals required to achieve the strategy and clearly articulates the critical success factors in achieving those strategic goals. • Requires the EMT to actively manage strategic risks and report frequently on their status. • Recognises their responsibilities for making informed decisions that take into consideration the associated risks and opportunities. • Actively supports the implementation of the ERM Policy and ERMP. |
| Audit, Risk and Improvement Committee (ARIC) | <ul style="list-style-type: none"> • Independent review and oversight of Council’s governance, risk management and control activities. • Oversight of risk management at Council and the Internal Audit function • Requires the periodic review of Council’s strategic and other significant operational and project risks to ensure appropriate risk treatment/controls have been implemented and maintain effectiveness. |
| Internal Audit | <ul style="list-style-type: none"> • Risk assurance to the ARIC and GM through execution of the annual internal audit plan. |
| General Manager | <p>The General Manager has overall accountability for Risk Management across Council and is therefore responsible for:</p> <ul style="list-style-type: none"> • Demonstrating a commitment to Enterprise Risk Management. • Establishment of the Enterprise Risk Management capability within Council and leads the conversation about risk – Council’s chief ‘Risk Champion’ • Setting the tone, culture and expectations for ERM activities, and assigns appropriate responsibilities to the Executive Management Team • Exercising due diligence. • Ensuring the implementation and ongoing evaluation of appropriate risk management systems. • Ensuring that a safe and healthy working environment is provided and maintained in all situations and at all Council sites. |

| Position | Accountabilities and Responsibilities |
|---|--|
| | <ul style="list-style-type: none"> Ensuring adequacy of resources for risk management activities and sets appropriate delegations for risk management activities Articulates, the strategic risks (threat and opportunity) to the Council from the objectives and strategy. |
| Executive Management Team | <ul style="list-style-type: none"> Accountable for ownership and management of risks in their respective areas Creates an environment where managing risk is an accepted and expected part of the normal operations. Accountable for the effective implementation and continual improvement of the Enterprise Risk Management Plan (ERMP). Implements monitoring and management of relevant performance measures for strategic goal's critical success factors within their area of responsibility. Ensures that strategic and significant risks are reported in accordance with the ERM reporting requirements. Recommends recurrent and discretionary allocation of funding to the broader EMT, for the purpose of managing risks identified as priority in accordance with the ERMP. |
| Manager People & Customer Service (Delegated Risk Manager) | <ul style="list-style-type: none"> Leading the risk management function. Responsible for developing, implementing and managing an Enterprise Risk Management Framework that is fit for purpose. Responsible for reporting strategic risks and certain residual risks to the Audit, Risk and Improvement Committee. Supporting the organisation to manage its risks through: <ul style="list-style-type: none"> provision of risk management advice and guidance to staff, and custody and maintenance of the Enterprise Risk Management Framework. |
| Department Managers | <ul style="list-style-type: none"> Accountable for managing risk within their area of responsibility, including monitoring and managing measures for the strategic goals' critical success factors. Ensures that employees and relevant stakeholders apply the appropriate risk management tools and templates in the correct manner. Are responsible for providing assistance and advice to staff in relation to the management of risks but not to take on the responsibility of another individual. Monitor the respective operational risk profile assessments, determine and ensure implementation of control measures for risks identified, and escalate any significant risks to management in accordance with the risk management protocols. Responsible Contract/Project Managers are to ensure risks associated with the engagement of contractors are appropriately identified and managed. Responsible Contract/Project Managers are to ensure the responsibilities and accountabilities vested in the contractor are clearly documented and communicated to the Contractor. |
| All Staff And Contractors | <p>All employees are responsible to implement and embed risk management in their area of accountability. They are required to:</p> <ul style="list-style-type: none"> Identify, managing and monitor risks and opportunities in the areas of accountability Communicate to areas of risk to their supervisor or manager |

| Position | Accountabilities and Responsibilities |
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| | <ul style="list-style-type: none"> Act appropriately to ensure their own safety as well as that of other employees, customers, and other workers e.g. contractors on site contractors and their employees who are undertaking work on behalf of the Council, and members of the public. |

TYPES OF RISK

Strategic risk

Strategic risks have the potential to affect Council’s strategic direction, usually from a source external to Council (but not always). These risks could have an adverse or beneficial impact on Council’s pursuit of its objectives and should be continually addressed and monitored.

Operational risk

Operational risks have the potential to disrupt Council’s pursuit of its objectives through the day-to-day operations of the Council. The disruption could be adverse or beneficial and should be continually addressed and monitored.

Project risk

Project risk exists within the confines of a given project or program of multiple projects. They may be at a level to affect the project/program as a whole or arise from aspects within the project. These risks should be identified at project planning stage and updated, addressed and monitored throughout the project, and signed-off or transferred to the appropriate department at the end of the project.

PERFORMANCE AND REPORTING

Risk Register

Council’s strategic and operational risks are recorded in a singular Master Risk Register. Project risks will be recorded in project or program specific registers that are structured identically to the Council Master Risk Register. Project risks left over from projects or that arise as a result of projects will be transferred into the Master Risk Register at the closure of the project, or at any other more appropriate time.

The General Manager will delegate custody and maintenance responsibilities for the Master Risk Register to a suitably trained Council officer.

As they are identified, appropriate risks will be added to the register by the risk management delegate.

The Master Risk Register will be held in Council electronic document management system.

Reporting

The performance of the risk management framework is to be reported annually to the Audit, Risk and Improvement Committee, Council and the community.

A standardised reporting template will be used as the basis of all risk reporting.

The template is kept by Council's risk management delegate.

ASSOCIATED DOCUMENTS

This policy is the foundation document in the Enterprise Risk Management Framework and should be read in conjunction with the following:

- Enterprise Risk Management Plan
- Risk Management Procedure
- Risk Appetite Statements
- Enterprise risk management tools, systems and reports
- Audit, Risk and Improvement Committee Charter

POLICY HISTORY AND VERSION CONTROL

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| Policy Title | Enterprise Risk Management Policy |
| Department | Corporate Services |
| Function | People & Customer Service |
| Policy Group | Leadership |
| Responsible Officer | Manager People & Customer Service |
| Version | 2 |
| Adopted | 19/10/17 Resolution 208/17 (update to Appendix A changing position titles to match Organisational Structure in 2018) |
| Revision | 18/07/19 Resolution 2019/07/160 Updated as part of a holistic ERM system review and update |
| Next revision | July 2023 |