



## RISK MANAGEMENT POLICY

### Summary:

The purpose of this policy is to ensure that all stakeholders are informed of Council's position and approach with regard to the management of risk.

It further aims to ensure that sound risk management practices and procedures are fully integrated into Council's strategic and operational planning processes.

The Policy's implementation will ensure that elected members and management recognise that they have a responsibility to ensure that Council identifies and addresses all threats and opportunities associated with the carrying out of its functions.

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<b>Approved By</b>	Council
<b>Endorsed By</b>	General Manager
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<b>Consultation Period</b>	31 August – 13 September 2016
<b>Review Due Date</b>	August 2018
<b>Department</b>	Corporate Services
<b>Policy Custodian</b>	Director – Corporate Services
<b>Superseded Documents</b>	1.186 Risk Management Policy (V1.3)
<b>Related Legislation</b>	ISO AS/NZS 31000:2009 – Risk Management Risk Management Plan Risk Register Risk Management Action Plan Integrated Strategic Planning documents Audit and Risk Committee Charter Business Continuity Plan Risk Management templates and procedures
<b>Delegations of Authority</b>	General Manager, Directors, Managers, Staff

## **1. Overview**

Council's long term sustainability and overall effectiveness depends on our ability to understand and respond to the challenges of an uncertain and changing world.

As a complex and dispersed organisation, this uncertainty generates risk, with the potential to be a source of both opportunities and threats. By understanding and managing risk, we provide greater certainty and confidence for our community and all of our other stakeholders.

The risk inherent in our local government environment creates the need to identify, think about and manage risk in an informed way. Effective risk management is a source of insight and strategic advantage. As such, forward-looking risk management should be a foundation stone of our decision-making.

To this end, Tenterfield Shire Council is committed to the ongoing development of a strategic and consistent enterprise-wide approach to risk management, underpinned by a risk-aware culture.

Everyone at Council has a role in managing risk by minimising threats and taking opportunities, so that we achieve our core goals of improving our long term sustainably and enhancing value for our community.

## **2. Policy Principles**

Clear and well communicated risk management principles support the effective management of risk throughout the organisation. This is underpinned by the below broad principles of Risk Management for Tenterfield Shire Council:

Council's risk management approach will:

1. Align with Council's strategic direction as outlined in Council's Integrated Strategic Planning documents;
2. Be embedded within our operations, processes and systems;
3. Have clear accountability, ownership and governance;
4. Be systematic, transparent and consistently applied;
5. Support evidence-based decision-making;
6. Be clearly and broadly communicated; and
7. Support innovation and continual improvement.

## **3. Policy Objectives**

In conjunction with Council's key strategies and plans, this policy provides specific risk management objectives to ensure that sound risk management practices and procedures are fully integrated into Council's strategic and operational planning processes, they include:

1. Establishing a comprehensive **risk management framework** that outlines the entire risk management environment, (including inter-dependencies) and Councils overall approach to managing risk;
2. Establishing and routinely reviewing a **risk management plan**, to be utilised as the key operating document for the management of risk;
3. Developing and maintaining a comprehensive **risk register** with knowledge of all of Councils identified risks including the assessment, treatment, status summary and responsible department for each risk;
4. Maintaining a risk management **improvement (action) plan** detailing the required actions to enable the targeted improvement of Councils capabilities in the management, monitoring and reporting of risks;
5. Establishing and resourcing an **Audit and Risk Committee** to undertake the independent oversight of Councils risk, audit and compliance management functions and strengthen its risk framework;
6. Adopting and routinely reviewing Council's **Audit and Risk Committee Charter** outlining the roles and responsibilities of Council Audit and Risk Committee;
7. Resourcing and implementing an adequate **internal audit program** to review functions of Council with a high impact and/or likelihood of risk;
8. Maintaining and regularly reviewing a **business continuity plan** for all of Councils business critical functions;
9. Fostering a risk-aware culture throughout Council, supported at a whole of organisation level through the formation of a **Risk Improvement Group**;
10. Utilising risk management information to proactively **inform decision making** on Councils strategic direction, policy settings, resource allocation, and operational planning;
11. Developing and implementing indicators relevant to risk management for **periodic reporting** as well as mechanisms for the reporting of risks above predetermined thresholds (escalation matrix);
12. Implementing a **monitoring program** with regard to Councils internal control and compliance framework in order to provide assurance to stakeholders.

#### **4. Policy Statement**

Council is committed to the identification and management of all risks associated with the performance of Council functions and the delivery of services.

Council's risk management framework is to be implemented in a logical, integrated and systematic manner in the identification, analysis, treatment, monitoring and communication of risks that are likely to have an adverse impact on Council.

The risk management model applied at Tenterfield Shire Council consists of the following five (5) steps:

- **Identify:** Identify the risk events that may effect, prevent or delay the achievement of the Council's strategic goals and objectives.
- **Analyse:** Outline the causes, impacts and existing treatments in order to assess the consequence and likelihood of the risk and determine the risk rating.
- **Treat:** Implement both existing and future treatments in order to prevent and/or mitigate the risk.
- **Monitor:** Continually monitor and evaluate the risks and treatments in order to maintain the effectiveness and appropriateness of Council's risk management.
- **Report:** Provide regular updates in order to assure Council and key stakeholders that the risks are being appropriately managed and treated.

Council recognises that the management of risk is integral to the achievement of the goals, strategies and actions as identified in the Community Strategic Plan, Delivery Program and Operational Plan.

The aim of this policy is not to eliminate all risk, but rather to manage the risks involved in Council's activities in order to maximise opportunities and minimise the adverse impact of threats.

Risks affecting Council can have consequences in terms of economic performance and organisational reputation, as well as environmental, safety and societal outcomes.

Tenterfield Shire Council is committed to excellence and continual improvement, and will continue to encourage improvement and innovation whilst maintaining a low-risk profile.

Our staff are encouraged to adopt a positive approach to risk management, which further strengthens the risk-aware culture (as opposed to a risk-averse culture) of our Council.

Council's approach to risk management, including the aforementioned Risk Management Model and Principles, is aligned with Australian and New Zealand Standard AS/NZS 31000:2009 (Risk Management Principles and Guidelines).

## 5. Scope

This policy applies to all areas of Council's activities in the delivery of its functions as a Local Government authority, both at the elected member and staff levels.

All staff and all business units of Council have a responsibility for Risk Management.

Business continuity, critical incident management and work, health and safety risks are covered by specific Council policies or protocols.

## **6. Accountability, Roles & Responsibility**

### **Elected Council**

- Provide strategic direction and stewardship;
- Consider the potential impacts (risks) when setting policies, strategies or community service levels;
- Adopt the Risk Management Policy and Audit & Risk Committee Charter.

### **Audit and Risk Committee**

- Review the risk management practices and internal control of the Council to assess their adequacy, effectiveness and maturity.

### **General Manager, Executive and Management Teams**

- Support the ongoing implementation of consistent and effective risk management practices in all areas of the Councils operations;
- Identification, analysis, treatment, monitoring and reporting of significant risks in their relevant Departments and Business Units;
- Ensure that staff understand their responsibilities with respect to risk management; and
- Foster a positive risk-aware culture within their area of responsibility.

### **Risk Improvement Group (RIG)**

- Oversee the ongoing development, implementation, review and improvement of the Councils Risk Management Framework.

### **Supervisory Staff**

- Ensure that staff within their areas understand their responsibilities and assist in fostering a risk-aware culture.

### **All Council Staff**

- Ensure adherence to Councils Risk Management Policy, Plan, Procedures and all other related operational documents and systems.

## **7. Definitions**

No specific definitions are deemed required for this policy, with all terms used intended to have their everyday meanings.

## **8. Related Documents, Standards & Guidelines**

Key legislative requirements with regard to risk management for NSW local government organisations are located in the:

- Local Government Act NSW 1993;

- NSW Local Government (General) Regulations 2005; and
- Workplace Health and Safety Act.

In addition to complying with all relevant legislation in the implementation, monitoring and review of Tenterfield Shire Councils risk management policy and framework, Council will have regard to all relevant standards and guidelines, including but not limited to:

- The Australian standard for risk management, ISO AS/NZS 31000:2009;
- The Integrated Planning & Reporting Guidelines for local government in NSW; and
- Any other relevant guidelines issued by the Office of Local Government.

## 9. Attachments

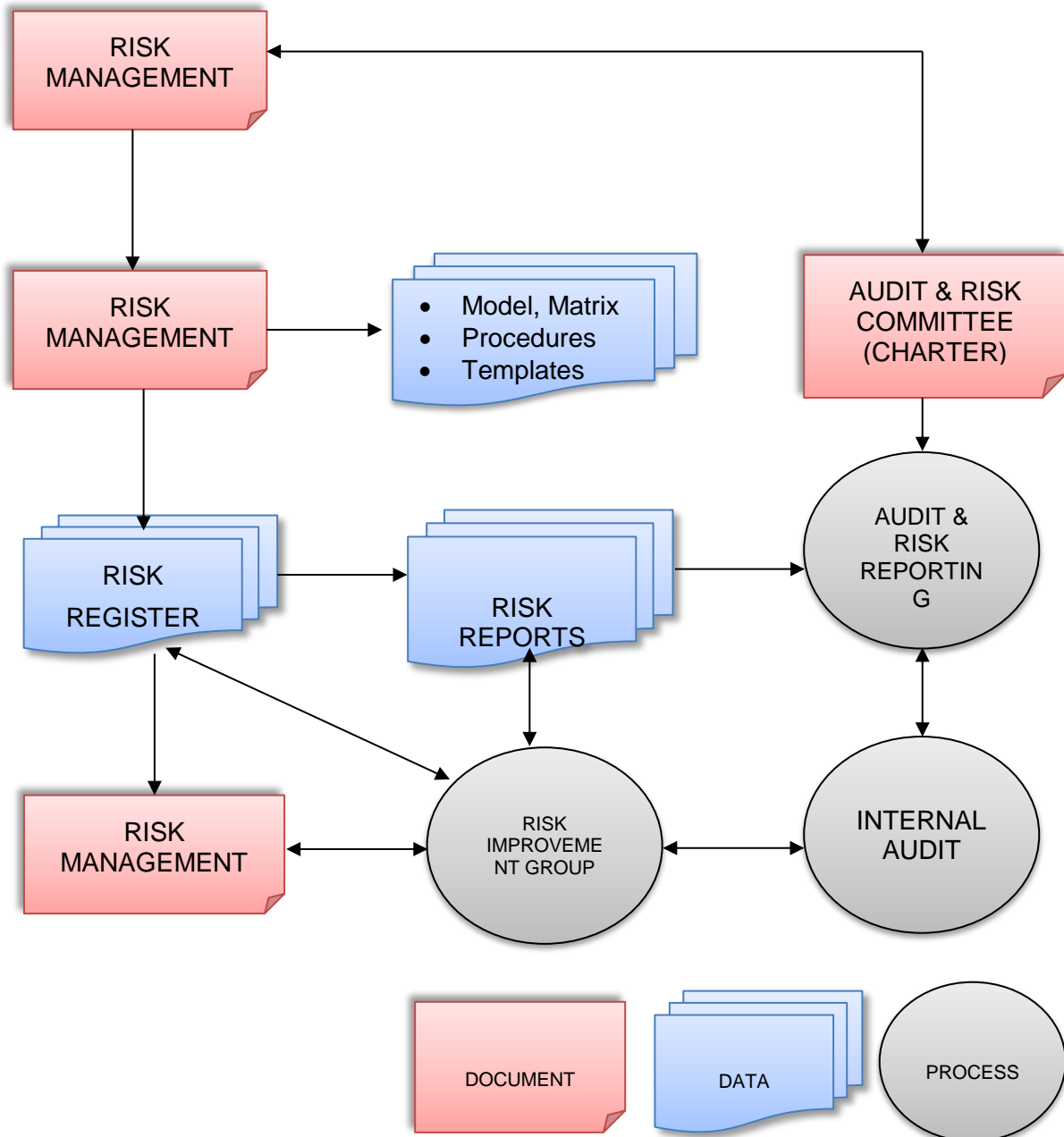
*Attachment A – Tenterfield Shire Council Risk Management Framework Diagram*  
*Attachment A* to this policy provides a diagrammatical representation of the relationship between this policy and other plans, documents and processes encompassing Council’s risk management framework.

In addition to those documents and processes (as displayed in the diagram), management will develop and implement any protocols and procedures required to achieve the objectives and requirements of this policy and the broader risk management framework.

## 10. Version Control & Change History

Version	Date	Modified by	Details
V1.1	22/08/2007	Council	Adoption of Policy
V1.2	25/11/2009	Council	Policy revision
V1.3	27/03/2013	Council	Policy revision
V2.0	11/08/2016	GM	Reconstruction of Policy – (Draft)
V2.0	14/09/2016	Council	Adoption of Policy

# TENTERFIELD SHIRE COUNCIL RISK MANAGEMENT FRAMEWORK



This contextual diagram depicts the relationship between Council's risk management policy and the framework for the management and oversight of risk management within the organisation as a whole.

The Audit & Risk Committee is to be guided by the Risk Management Framework in determining areas of priority for review and internal audit, and in turn the audit committee will provide feedback to management for the review and improvement of the Risk Management Framework