

POLICY NAME: (REVIEW)
RISK MANAGEMENT

POLICY REF: R02

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OBJECTIVES

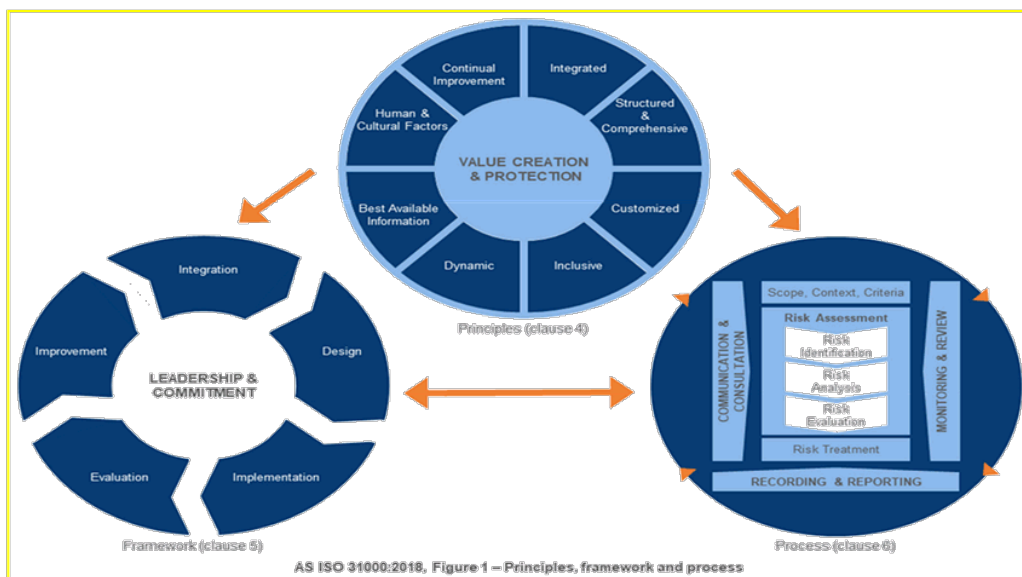
The purpose of this policy is to establish the systems and processes required to manage the risks involved in the Council's activities so as to maximise opportunities and minimise negative outcomes. The objectives of Council's risk management activities are to:

- Maintain the highest possible integrity for services provided by the Council
- Create an environment where all Council employees understand and accept the importance of risk management
- Improve incident management and reduction in loss and the cost of risk
- Achieve a more confident and rigorous basis for decision making and planning
- Improve the Council's ability to be proactive rather than reactive in risk management
- Improve compliance with relevant legislation and
- Demonstrate better corporate governance through transparent and responsible risk management processes aligned with accepted best practice standards and methods and
- Integrate risk management into our decision making process, and
- Ensure Council's business continuity management and disaster response plans remain contemporary and support the organisation's resilience during a disruptive incident.

POLICY

1. RISK MANAGEMENT PROCESS

Council's risk management process will be as per AS/NZ and ISO 31000:2018 – Risk Management - Guidelines. The next diagram summarises the process:



The main elements of the risk management process are:

1.1 — Establish the Context

Establish the strategic, organisational and risk management context in which the rest of the process will take place. Criteria against which risk will be evaluated should be established and the structure of the analysis defined.

1.2 — Identify Risks

Identify what, why and how things can arise as the basis for further analysis.

1.3 — Analyse Risks

Determine the existing controls and analyse risks in terms of consequence and likelihood in the context of those controls. The analysis should consider the range of potential consequences and how likely those consequences are to occur.

Consequence and likelihood may be combined to produce an estimated level of risk.

1.4 — Evaluate Risks

Compare estimated levels of risk against the pre-established criteria. This enables risks to be ranked so as to identify management priorities. If the levels of risk established are low, then risks may fall into an acceptable category and treatment may not be required.

1.5 — Treat Risks

Accept and monitor low-priority risks. For other risks, develop and implement a specific management plan that includes consideration of funding.

1.6 — Monitor and Review

Monitor and review the performance of the risk management system and changes which might affect it. A breach or failure of a risk treatment will result in a review of the risk treatment for its effectiveness in managing the risk. All risk treatments should be continually monitored to ensure ongoing effectiveness.

1.7 — Communicate and Consult

Communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole.

2. ROLES AND RESPONSIBILITIES

2.1 Elected Representatives

Elected representatives are responsible for supporting the **policy** framework that sets the parameters for what is to be achieved. This will require considering risks when making decisions and allocating funding and resources.

2.2 Senior Management

~~Management is responsible for ensuring that a risk management system is established, implemented and maintained in accordance with this policy.~~

Senior management is responsible for ensuring that a risk management system is established, implemented and maintained in accordance with this policy.

Senior management lead the development and implementation of the organisational wide risk management framework and culture through provision of direction and resources to support Council's strategic objectives.

Senior management set the priorities for the implementation of the framework and assess emerging risks within Council and the local government sector to minimise Council's risk exposure.

2.3 All Employees Generally

All Council employees are responsible for identifying **and analysing** potential risks. Management is additionally responsible for risk analysis, evaluation, assignment, registration, and the development of mitigation plans and risk reduction strategies.

These risk management processes should be integrated with other planning processes and management activities.

All employees are required to support and contribute to risk management initiatives and to advise their managers of risk issues they believe require attention.

2.4 **Internal** Risk Management Group

The General Manager will ensure that employee representatives from across the organisation meet regularly, through a risk committee or similar group, to implement risk management actions throughout the organisation. The General Manager, or nominee, will chair these meetings.

A Risk Management Action Plan will be developed to guide the implementation of risk management activities.

The General Manager **in conjunction with the Internal Risk Management Group** is responsible for overseeing the implementation of the Risk Management Action Plan **and** determining an acceptable level of risk for the Council and monitoring the Council's overall risk profile and mitigation strategies.

Resourcing will be provided to implement risk management throughout the organisation in line with available resources.

2.5 Council's Manager Risk and Human Resources Risk Management Support

The senior staff manager responsible for risk management (eg Manager Risk and Human Resources) Council's Risk Management Officer provides support to senior management and the Internal Risk Management Group is responsible for assisting the risk management group with the establishment of Council's risk management systems and processes, the development of information and training tools and templates, auditing and compliance, maintaining a risk register, reporting and maintenance of the Risk Management Action Plan.

2.6 Managers and Supervisors

All managers and supervisors are responsible for monitoring and review of risks within their section and the implementation of the risk management framework this Risk Management Policy and the Risk Management Action Plan within their respective areas of responsibility. This includes the identification, assessment and documenting of risks, and the acceptance or assignment of risk responsibility, ongoing assignment and recording of risks in a risk register.

These roles are also responsible for the development of risk mitigation plans and reporting.

3. RISK ASSESSMENTS

Council will adopt methodologies in managing risk consistent with the latest Australian Standards for risk management (currently AS/NZS ISO 31000:2009 Risk Management – Principals and Guidelines. This methodology must be integrated into Council's project, business and corporate planning and review processes.

The objective of any risk assessment process is to establish a consistent and comparable basis for quantifying and measuring risk across Council's operations.

These risk levels can then be compared to Council's acceptable level of risk, as determined by the General Manager, to identify an appropriate strategy for treatment.

4. SUPPORTING DOCUMENTS

The General Manager will ensure adequate support documents are developed for use by staff in support of this policy. These documents include a risk register and action plan that identifies actions to be taken to mitigate risks within Council.

5. RISK REGISTRATION, TREATMENT AND REPORTING

Council's risk register requires managers to record, as a minimum, the risk description, an assessment of that risk, the responsible officer for managing that risk and treatment plans.

~~This information provides a useful tool for managers and staff to consider in both strategic and operational planning and is to be made available to all managers and staff.~~

~~The Risk Management Group will monitor the risk profile of the organisation with particular regard to those risks that exceed an acceptable risk level.~~

~~The management of risk will be integrated into Council's existing planning and operational processes and will be recognised in the funding and quarterly reporting mechanisms, on the basis of the evaluation of the level of risk and Council's exposure.~~

BACKGROUND

Council recognises that risk management is an integral part of good management practice and fully supports risk management as an integral element in its governance processes. Council will adopt a risk management approach consistent with Australian Standards in their planning, approval, review and control processes.

DEFINITIONS

- Risk** effect on uncertainty of organisational strategic and operational objectives such as financial, health and safety and environmental.
- Risk Management** **coordinated activities to direct and control an organisation with regard to risk** ~~coordinated activities designed to direct and control an organisation with regard to risk~~

SCOPE OF POLICY

- All Council employees
- Elected representatives
- **Volunteers**
- **Contractors (person conducting a business or undertaking)**
- ~~Senior Management~~
- ~~Managers and Supervisors~~
- ~~Risk Management Group~~
- ~~Council's Risk and Human Resources Manager.~~

RELATED DOCUMENTATION

- **AS/NZS ISO 31000:2009** **18** ~~Risk Management – Principals and Guidelines~~
- **Risk Management Framework**
- **Fraud and Corruption Control Policy**
- **Code of Conduct**
- **NSW Civil Liability Act 2002**
- **Local Government Act 1993**

9.6 Policy (Review) - Risk Management

Ballina Shire Council

(REVIEW) Risk Management Policy

REVIEW

This policy shall be reviewed every four years.

» risk management framework



» Why we manage risk

Risk exists in all aspects of Council's business. The level of risk that Council faces at any one time is the combination of the likelihood of an event occurring and the consequence if it happened. We manage risk in our operating environment to achieve better outcomes for our community.

Risk management facilitates continuous improvement by linking risk to organisational planning and corporate reporting.

Risk management is an important consideration in all Council decision making processes so that we can:

- Maintain the highest possible integrity for services provided by Council
- Create an environment when all stakeholders understand and accept the importance of risk management
- Improve incident management and reduction in loss and the cost of risk
- Achieve a more confident and rigorous basis for decision making and planning
- Improve our ability to be proactive rather than reactive
- Achieve compliance with relevant legislation
- Demonstrate sound corporate governance through transparent and responsible risk management processes

» Risk appetite

Risk appetite refers to the level of risk that the elected Council and Executive Team are prepared to accept to achieve our priorities. The Council has the lowest appetite for:

- Risks that may compromise the safety and welfare of our employees, volunteers, contractors (PCBU) or members of the public
- Risks that impinge on our transparency and integrity of decision making
- Non-compliance with legislation and regulation
- Risks that significantly impact on Council's ability to deliver services.

Council has a willingness to accept a moderate level of risk that encourages entrepreneurship and where there is an opportunity to pursue innovative initiatives that achieve efficiency improvements. However, this is only when the activity does not expose us to increased risks for which we have lowest tolerance.

Any risk with a rating of high or extreme must have adequate controls to ensure the overall residual risk rating can be reduced to a level that is acceptable to the Council.

» Risk evaluation

Our risk register assesses potential loss and impact in a range of categories to assess potential loss and impact.

These are:

- ✓ Business Activities
- ✓ Financial
- ✓ Safety (workforce and public)
- ✓ Environmental and Natural Hazards
- ✓ Legal, Compliance, Governance and Contractual
- ✓ Information Technology
- ✓ Public Image and Reputation

Risk evaluation is determined by assessing the likelihood and the consequence of a risk using the risk matrix table to identify an overall risk score.

The risk score rating system used by Council is:



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» risk management framework

» What does your risk matrix look like?

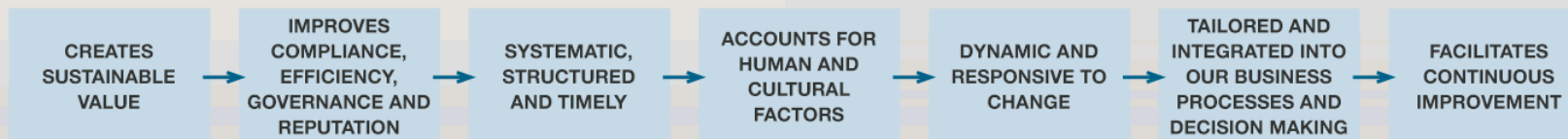
The risk matrix use by Council is:

LIKELIHOOD	CONSEQUENCE				
	Insignificant	Minor	Moderate	Major	Catastrophic
Almost certain →	MED	HIGH	HIGH	EXTREME	EXTREME
Likely →	MED	MED	HIGH	HIGH	EXTREME
Possible →	LOW	MED	HIGH	HIGH	HIGH
Unlikely →	LOW	LOW	MED	MED	HIGH
Rare →	LOW	LOW	MED	MED	HIGH

» Responsibility for risk controls

With the exception of risks with a low rating, all risks will have controls. Controls and treatment strategies for risks with high or extreme rating are reviewed and monitored by relevant section Manager.

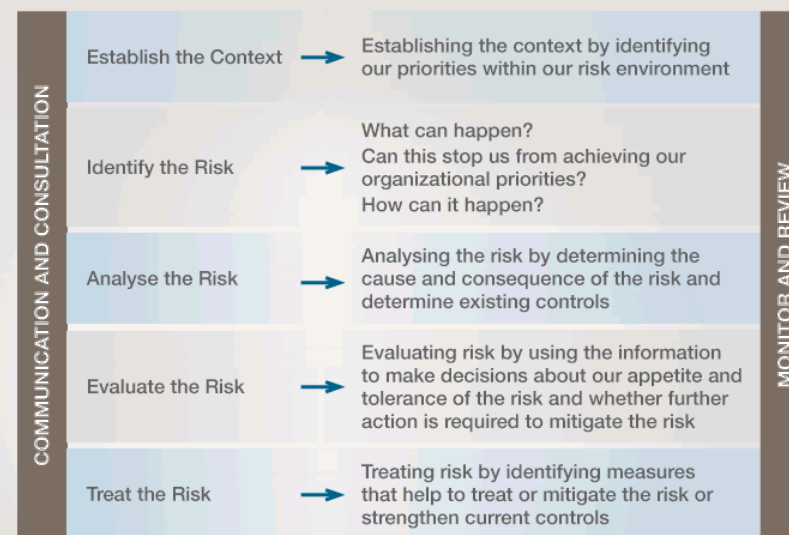
» Risk Management Principles



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» Risk assessment process

Demonstrate sound corporate governance through transparent and responsible risk management processes

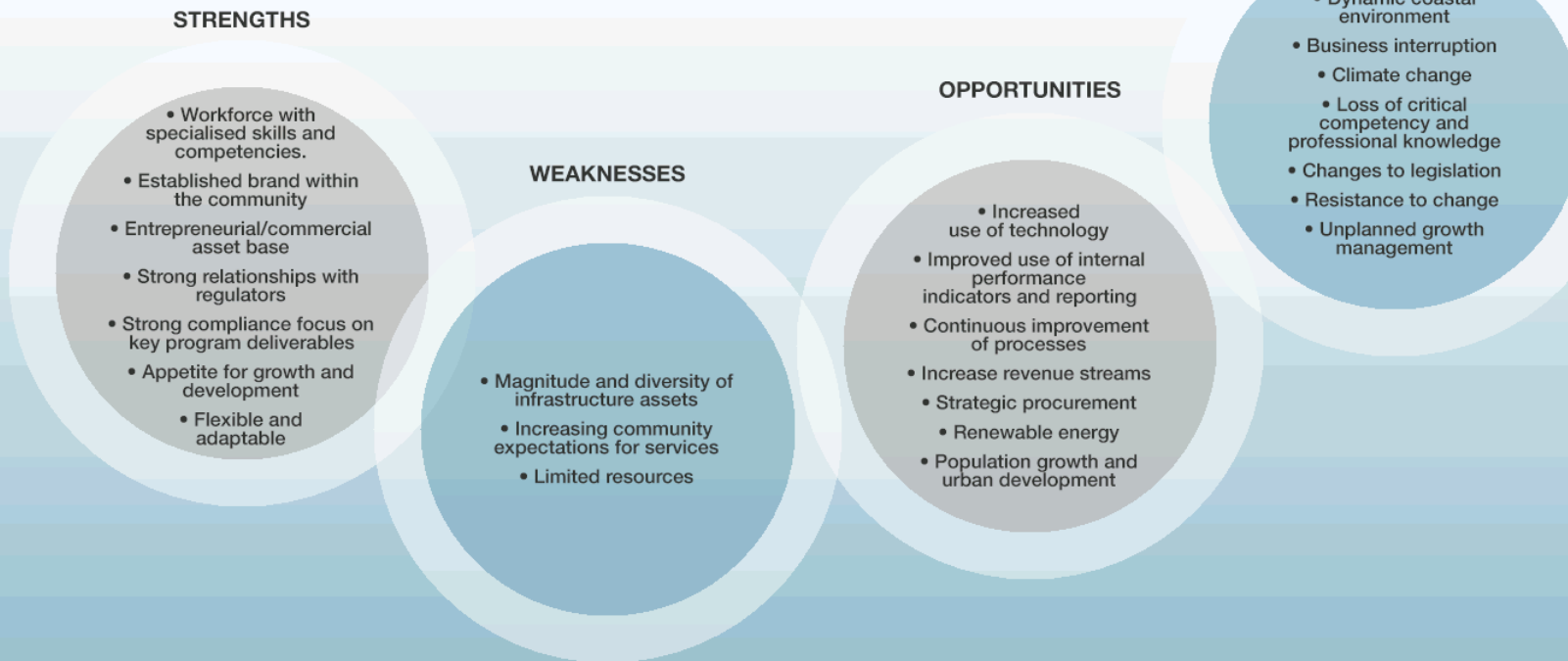


» risk management framework

» Our risk environment

Risk management enables Council to be dynamic and responsive to change. We recognise that as an organization we are affected by changing external and internal environments.

SWOT Analysis of our risks are:



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» risk management framework



» Our risk management structure

