# Balranald Shire Council

# Enterprise Risk Management Policy

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| **Policy, procedure, protocol** | Policy |
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| **Section / Department** | Human Resources/WHS |
| **Linkage to Our Community Strategic Plan** | |
| **Objective** | |
| **Strategy** | |

## Background and Context

Risk is defined as the effect of uncertainty on objectives, and this uncertainty can have financial, operational, environmental and/or reputational consequences. It can be positive, negative or both, and can address, create or result in opportunities and threats.

Council understands that large, unmitigated risks can adversely impact its stakeholders and its ability to achieve its strategic, operational, financial and regulatory objectives and meet the needs and expectations of its community, including service delivery. However, Council will accept risk in order to achieve or exceed its objectives, provided there is an understanding of those risks, and they are managed as required.

The application of risk management thinking, principles and practices aims to help Council deliver quality services, improve decision making, set priorities for competing demands/resources, minimise the impact of adversity and loss, ensure regulatory compliance and support the achievement of Council's objectives.

Risk management is a systematic process that involves establishing the context of risk management, identifying risks, analysing risks, evaluating risks, treating risks, periodic monitoring and communication. Risk management does not eliminate all risk.

## Purpose of the Policy

This policy is intended to define Council's objectives for and commitment to the effective management of risk across the organisation.

The purpose of this policy is to establish and communicate Council's approach for managing enterprise-wide risks and to establish clear objectives to ensure that all Councillors, management, staff, contractors and volunteers are aware of and responsible for the management of risk which will allow Council to maximise opportunities and minimise negative outcomes.

## Objectives of the Policy

Council will adopt a structured, consistent, and holistic approach to the management of risk at all levels and for all business activities through the integration of enterprise, Work Health and Safety and environmental risk management into a common framework.

It is committed to incorporating risk management into critical processes and to managing risk consistent with AS/NZS ISO 31000:2018 Risk management – Guidelines; AS/NZS 4801:2001 Occupational Health & Safety Management Systems and AS/NZS ISO 14001:2016 Environmental Management Systems – Requirements with guidance for use.

Council recognises the social, economic, and environmental importance of operating in a sustainable manner and continually improving performance.

The principles of risk management require staff to make informed decisions based on best available information concerning the level and cost of risk and opportunity in achieving Council's objectives and delivering cost-effective services and infrastructure to their community.

## Scope

The policy applies to all areas of Council operations and includes Council employees, councillors, volunteers, and contractors of Council. Employees are accountable for the identification and management of risks in their area of responsibility and for the escalation of these risks to their people leader.

The Senior /Executive Leadership Team and the Audit, Risk and Improvement Committee will monitor and review Council's risk management activities and performance, and outcomes will be reported to Council's elected body.

## Principles/ Procedural Statement

Council acknowledges that risk is inherent in its business activities and the pursuit of its objectives. Sound risk management is essential to ensure the achievement of its strategic objectives as outlined in the Community Strategic Plan.

Council will integrate a structured approach to the management of risk throughout the organisation in order to promote and demonstrate good corporate governance, to minimise loss and to maximise opportunities to improve service delivery.

Risk management creates and protects value. Council will seek to comply with the principles of risk management as listed in AS/NZS ISO 31000:2018 Risk management – Guidelines, that is:

1. Risk management is an integral part of all organisational activities.
2. A structured and comprehensive approach to risk management contributes to consistent and comparable results.
3. The risk management framework and process are customised and proportionate to the organisation's external and internal context related to its objectives.
4. Appropriate and timely involvement of stakeholders enables their knowledge, views, and perceptions to be considered. This results in improved awareness and informed risk management.
5. Risks can emerge, change, or disappear as an organisation's external and internal context changes. Risk management anticipates, detects, acknowledges, and responds to those changes and events in an appropriate and timely manner.
6. The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear, and available to relevant stakeholders.
7. Human behaviour and culture significantly influence all aspects of risk management at each level and stage.

8. Risk management is continually improved through learning and experience.

# Risk Appetite

In pursuing the achievement of its objectives and governance responsibilities, Council will accept a degree of risk commensurate with both the potential reward and with consideration of Council's role in the community.

Council supports creativity and innovation by aligning it with an active approach to risk management, balancing its exposure to risk against the expected benefit to the community in accordance with the goals of Councils Community Strategic Plan.

In considering its approach to risk, Balranald Shire Council's appetite increases for risks that seek to continually improve the services we provide and the way we do business, without compromising integrity. In particular for the following key categories of risk:

**Health and Safety Risk**

Council has no appetite for risks that compromise the health and safety of staff, volunteers, contractors and/or members of the public and will seek to mitigate such risks as far as reasonably practicable.

**Financial Risk**

Council has a low appetite for risk which threatens the long-term financial viability of Council; however, Council encourages innovation and has a medium appetite for risks where a positive benefit or return to the community can be anticipated and clearly demonstrated.

**Governance, Legal and Compliance Risk**

Council has a low appetite for compliance breaches or a lack of transparency and integrity. While minor breaches may occur from time to time due to inadvertent human error and the complexity of our organisation, acts of inappropriate conduct, internal fraud, corruption, collusion or theft will not be tolerated.

**Community and Reputational Risk**

Council is mindful that reputation risk is inherent in our business activities, and we will take a cautious approach. However, Council has a medium appetite for risks that improve our ability to meet customer expectations.

**Environmental Risk**

Council is committed to the principles of ecologically sustainable development and has a low appetite for risks that result in significant and irreparable damage to the environment.

**Service Delivery /Information Technology Risk**

Council has a low appetite for risks that threaten/interrupt service delivery for extended periods or security of its data, however, Council has a medium appetite for risks that improve operational efficiency and service delivery.

## Responsibilities & Accountability

Detailed responsibilities and accountabilities for the development, implementation, recording, communication and review of Council's enterprise risk management system and activities are detailed in Council's Enterprise Risk Management Framework.

Key responsibilities and accountabilities as they relate to this policy are,

**COUNCIL**

The Council, as the elected body, will:

• Review and endorse the Balranald Shire Council Enterprise Risk Management Policy

• Ensure a Framework is in operation that delivers a consistent approach to risk management across the organisation.

• Review Audit, Risk and Improvement Committee (ARIC) reports and monitors, that effective risk management and controls have been implemented.

**COUNCILLORS**

Councillors are responsible for making informed decisions that take the associated risks and opportunities into consideration. They must recognise the need to resource the management of risk in order to achieve Council's objectives.

**GENERAL MANAGER**

The General Manager reports to Council. The General Manager is responsible for ensuring risks are managed across all activities and supporting the implementation of the Enterprise Risk Management Framework by:

• Endorsing the Enterprise Risk Management Framework

• Ensure that a risk management system is established, implemented and maintained in accordance with Council Policy and the Framework,

• Ensure Council is meeting its obligations as a "Person Conducting a Business or Undertaking" (PCBU)

• Assign responsibilities in relation to risk management other than those set out in this policy

• Reporting to the Audit, Risk and Improvement Committee on risk management activities undertaken during the year

**SENIOR /EXECUTIVE LEADERSHIP TEAM**

The Senior/ Executive Leadership Team ( SLT/ELT) has primary responsibility to drive risk management across the organisation and to implement it in their respective areas of accountability in line with AS/NZS ISO 31000:2018 Risk management – Principles and guidelines, AS/NZS 4801:2001 Safety Management Systems and AS/NZS ISO 41001:2015 Environmental Management Standards, as well as the obligations imposed via the Work Health & Safety Act 2011 (NSW), as "officers" of a PCBU.

They have responsibility for the development, ongoing review and refinement of Council's strategic risks and associated strategic risk register, as well as operational risks within their areas of accountability.

**EMPLOYEES, VOLUNTEERS AND CONTRACTORS**

All staff, volunteers and contractors are required to act at all times in a manner which does not place at risk the health and safety of themselves or any other person in the workplace. Staff, volunteers and contractors are responsible and accountable for taking practical steps to minimise Council's exposure to all risks including contractual, legal and professional liability in so far as is reasonably practical within their areas of activity and responsibility.

**AUDIT, RISK AND IMPROVEMENT COMMITTEE (ARIC)**

In accordance with the Audit, Risk & Improvement Committee Charter, the ARIC Committee is responsible for providing advice and assistance to the Council on financial management, risk management and internal controls and external accountability requirements.

Specifically, the Audit Committee will:

• Keep under review the effectiveness of the Council's internal control and risk management system.

• Review and recommend the approval where appropriate of statements to be included in the Annual Report concerning Risk Management and Internal Control.

• Contribute to the analysis, evaluation and monitoring and reviewing of high and extreme risks and related reviews and / or projects.


## Relevant Legislation and Standards

• Local Government Act (NSW) 1983

• Work Health and Safety Act 2011, NSW

• Civil Liability Act 2002, NSW

• AS/NZS ISO 31000:2018 Risk management – Principles and Guidelines

• AS/NZS 4801:2001 Occupational Health & Safety Management Systems

• ISO 9100: 2015 Quality Management

• AS/NZS ISO 14001:2015 Environmental Management Standards

• AS/NZS ISO 5050:2010 Business Continuity – managing disruption related risks.

## Related Documents

•Community Strategic Plan – 2024 - 2034

• Council's Delivery Program and Operational Plan

• Enterprise Risk Management Framework

• Code of Conduct

• Work Health and Safety Policy

• Business Continuity Plan

• Local Emergency Management Plan

## Review

Review of this policy will incorporate relevant legislation, documentation released from relevant state agencies, best practice guidelines and relevant internal and external stakeholder context /data.

The standard review period will be within each term of Council following the Local Government Elections, or as required to ensure that it meets legislation requirements and the needs of the community and Council.  The responsible Council officer will be notified of the review requirements three months prior to the expiry of this policy.

The XXXXXXXXXXXXXXXXX is responsible for the review of this policy.

## Definitions

The definitions used within this policy are consistent with the risk terminology used by Council as part of its Enterprise Risk Management Framework. Council has adopted a number of the definitions of risk as contained in and aligned to AS/NZS ISO 31000:2018

For the purposes of this policy:

| Risk Term | Definition |
|---|---|
| **Council** | Shall mean Balranald Shire Council.<br>This includes any person who holds a position identified by the council as the position of a Councillor, the General Manager or a designated person, which involves the exercise of functions of Council by these persons (such as functions relating to duty of care, regulatory functions or contractual functions). |
| **Risk** | Risk is the effect of uncertainty on objectives, where an effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and threats. Risk is usually expressed in terms of risk sources, potential events, their consequences and their likelihood. |
| ***Types of Risk****(as defined by Council)* | ***Strategic Risks***<br>*Risks (either internal or external) which may impact upon the ability of the organisation to achieve its strategic objectives as set out in Council's Community Strategic Plan.*<br>***Divisional Risks***<br>*Risks (either internal or external) which may impact upon the ability of the Division to meet its objectives and key service delivery commitments.*<br>***Operational Risks***<br>*Risks which may impact upon the ability to achieve day to day service delivery commitments.* |
| **Enterprise Risk Management** | Co-ordinated activities to direct and control an organisation with regard to risk |
| **Enterprise Risk Management policy** | Statement of the overall intentions and direction of an organisation related to risk management |
| **Enterprise Risk Management Framework** | A set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.<br>The foundations include the policy, objectives, mandate and commitment to manage. The organisational arrangements include plans, relationships, accountabilities, resources, processes and activities. Risk management framework is embedded within te organisation's overall strategic and operational policies and practices. |
| **Risk management process** | Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context and identifying, analysing, evaluating, treating, monitoring and reviewing risk |

| Risk Term | Definition |
|---|---|
| Communication & consultation | Continual and iterative processes that an organisation conducts to provide, share or obtain information, and to engage in dialogue with stakeholders regarding the management of risk |
| Stakeholder | A person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity |
| Establishing the context | Defining the external and internal parameters to be taken into account when managing risk, and setting the scope and risk criteria for the risk management policy |
| Risk appetite | Relates to the amount of risk an organisation is prepared to accept in pursuit of its goals. Is also known as risk attitude or target level of risk, the approach to assess and eventually pursue, retain, take or turn away from risk. |
| ALARP | 'As Low as Reasonably Practicable' - ALARP involves weighing the benefits and opportunities to be gained from managing the risk and continuing with the proposed activity against the effort, time and resources needed to control the risk |
| Business Interruption/ Business Continuity | Is any event, whether anticipated (i.e. public service strike) or unanticipated (i.e. blackout/natural disaster) which disrupts the normal course of business operations at an organisation location for an extended period of time. |
| Duty of Care | The law says that if it is 'reasonably foreseeable' that a person might suffer some sort of loss or harm because of something someone else does, then that person is owed a duty of care. |