

## Risk Management Policy

Strategic Reference	Objective 1; A caring, healthy and resilient community. Strategy 1.7; Achieve or implement the statutory and core responsibilities of Council.
File reference	AR18/3246
Responsibility	Office of Chief Executive Officer
Revision Number	5.1
Effective date	August 2001
Last revised date	May 2018
Minutes reference	211/18, 088/18, 046/17, 131/14, 051/12
Next review date	Every two years, May 2020
Applicable Legislation	Local Government Act 1999
Related Policies	Internal Financial Control Policy Prudential Management Policy
Related Documents	ISO 31000: 2018 Risk Management Guidelines WHS Injury Management Policy Risk Management Framework Risk Register

### 1. Policy overview

The Risk Management Policy is intended to demonstrate that Coorong District Council understands and manages risk to ensure:

- there is a consistency to the methods used in assessing, monitoring and communicating risks throughout Council and
- that risk management efforts are aligned with Council's strategic and business objectives.

It also outlines Council's requirements for assessing, monitoring and treating risks and assists in understanding the impact of uncertainties inherent in business decisions.

Important objectives of this Policy are to:

- promote a balanced approach to risk that minimises risk and optimises return and
- ensure that the Coorong District Council management team considers in advance the risks of business/service delivery

The Elected council determines the level of risk that is acceptable, based on information provided by management and within general guidelines. Council considers that effective

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risk management is a fundamental part of good management practice and is committed to maintaining sound risk management systems to safeguard Coorong District Council's assets, and to prevent breaches in applicable laws or regulation.

Council is responsible for:

- approving this risk policy:
- periodically reviewing the effectiveness of the risk management process and
- confirming Coorong District Council's risk tolerance levels

Management is responsible for assisting Council to ensure that its corporate governance responsibilities are fulfilled in relation to risk management, including compliance with applicable laws and/or regulation.

It is essential that management treat risk management as an integral part of managing the business, not just as a mandatory activity for achieving compliance with corporate policy.

There is legislation in place for the management of specific risks such as Work Health & Safety and Equal Employment Opportunity. The Risk Management policy does not mitigate Council's responsibility to comply with other legislation.

## **2. Definitions**

Risk management definitions can be found in the definitions section of the Standards Australia risk management standard, ISO 31000: 2018 Risk Management Guidelines . The key definitions for this policy follow:

**“Risk”** – The chance of something happening that will have an impact on the achievement of the Council's objectives. Risk is measured in terms of consequences and likelihood.

**“Risk Analysis”** – The process to comprehend the nature of the risk and to determine the level of the risk

**“Risk Assessment”** – The overall process of risk analysis and evaluation.

**“Risk Management”** – The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the Council environment.

**“Risk Management Framework”** – set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation

**“Risk Management Process”** – The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, monitoring, treating risks and communicating risk.

## **3. What is risk management?**

In the purest form, risk management is the identification, classification and prioritisation of risks. This is generally done in tandem with efforts to monitor, control and mitigate the risks. Risks themselves can be from factors internal, such as the adoption of a new technology, or resource constraints and internal dependencies. Additionally, risks can also be external, such as the health of the financial markets, competitive pressures, legal liabilities or even accidents.

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The Coorong Council risk management takes on the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the Coorong District Council control and environment.

Risk is inherent in all business activities and every member of Council's staff manages risk on a daily basis.

Formal and systematic approaches to managing risk have evolved and they are now regarded as good management practice. As a consequence Council acknowledges that the adoption of a strategic and formal approach to risk management will improve decision-making, enhance outcomes and accountability.

The aim of this policy is not to eliminate risk, rather to manage the risks involved in all Council activities to maximise opportunities and minimise adversity.

Effective risk management requires:

- A strategic focus,
- Forward thinking and active approaches to management,
- Balance between the cost of managing risk and the anticipated benefits, and
- Contingency planning in the event that mission critical threats are realised.

Risk management can also provide a system for the setting of priorities when there are competing demands on limited resources.

### **4. Principles of Risk Management**

Council will follow the basic principles of risk a management to enable the best possible outcomes are obtained for all council stakeholders:

The guiding principles council has adopted to risk management are:

#### a) Integrated

- The process creates value and/or protects value
- It is an integral part of the organisational process
- It factors into the overall decision making process

#### b) Structured and comprehensive

- It address uncertainty and looks for opportunity
- A structured and comprehensive approach to risk management contributes to consistent and comparable results

#### c) Customised

- It is tailored to councils external and internal context and risk profile

#### d) Inclusive

- It is systematic, structured and timely, with the involvement of relevant stakeholders to enable sharing of knowledge, views and perceptions

#### e) Dynamic

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- It is dynamic and adaptable to both internal and external context changes and emerging issues or events, i.e. agile with appropriate responses taken in a timely manner.

#### f) Best available information

- It is based on the best available information (knowledge of the risk), which may include historical, and current information as well as future expectations. Taking into account any uncertainties or limitations of the information.

#### g) Human and cultural factors

- It takes into account human and cultural factors
- It is transparent and all-inclusive to relevant stakeholders

#### h) Continual improvement

- It is continuously monitored and improved upon, continual improvement is archived through experience and learning.

## **5. Policy scope**

This risk management policy applies to all areas of the organisation including operational, project and strategic.

A risk event can result from an occurrence or change of a particular set of circumstances. The effect is a deviation from the expected and can be positive and/or negative. Risk sources within the context of the Council's operations include:

- Business disruption and technology
- Strategy
- Public safety
- Strategic projects
- Stakeholder relations
- Asset management
- Environmental and natural resource management
- Execution, delivery and process management
- Fraud and security
- Human resource and workplace safety
- Financial sustainability
- Corporate sustainability
- Contracts and procurement
- Legal and regulatory compliance.

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### **6. Risk Management Framework**

The Framework describes a whole of organisation approach towards the management of risks across Council incorporating strategic and operational activity. The Framework is aligned to ISO 31000: 2018 Risk Management Guidelines

and is a component of the Coorong District Council Risk Management Policy. It outlines the methodology adopted to identify, assess, manage and report on all risks and integrates the process for managing risk into the organisation's various systems such as:

- Governance
- Strategic planning
- Management
- Reporting processes
- Policies
- Values
- Culture.

Council acknowledges that the adoption of a strategic and formal approach to risk management will provide numerous benefits impacting positively on various aspects of the organisation. These include but are not limited to:

- The customer experience
- Achievement of the strategic plan and objectives
- Enhancing health and safety performance and environmental protection
- Decision-making and productivity
- Transparency of information
- Governance
- Financial management
- Managing business interruption, hazards and incidents
- The identification and management of opportunities and threats
- Effective allocation of resources and continual improvement
- Legal and regulatory compliance.

### **7. Risk categories**

The key categories of risk to Coorong District Council are:

- Safety – protection of staff, ratepayers and the broader community, including visitors to the district.
- Finance – ability to operate in a business-like manner and have access to sufficient resources to meet business plan objectives.
- Reputation – enhancement of Coorong District Council as a trusted organisation and compliance with legislative and regulatory requirements.
- Environment – protection of the physical environment, including land, waterways and air quality.

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### **8. The risk management process**

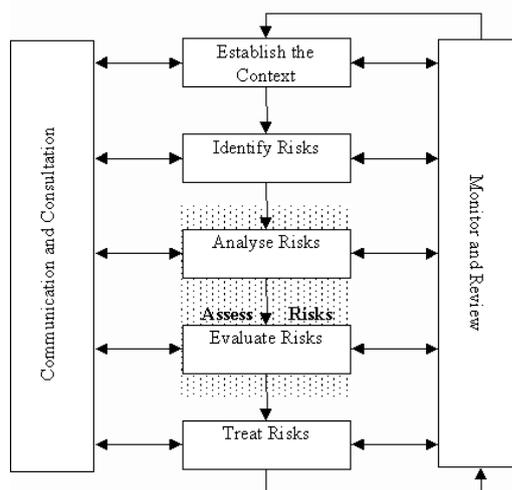
Coorong District Council will maintain procedures to provide the organisation with a systematic view of the risks faced in the course of our business activities. Where appropriate these procedures will be consistent with the ISO 31000: 2018 Risk Management Guidelines.

This will require the Council to:

- *Establish a context.* This is the strategic, organisational and risk management context against which the rest of the risk management process in the Council will take place. Criteria against which risk will be evaluated should be established and the structure of the risk analysis defined.
- *Identify Risks.* This is the identification of what, why and how events arise as the basis for further analysis. Risk assessment methodology will be detailed in a separate procedures manual.
- *Analyse Risks.* This is the determination of existing controls and the analysis of risks in terms of the 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 are combined to produce an estimated level of risk.
- *Evaluate Risks.* This is a comparison of estimated risk levels against pre-established criteria. This enables risks to be ranked and prioritised.
- *Treat Risks.* For higher priority risks, the Council is required to develop and implement specific risk management plans including funding considerations. Lower priority risks may be accepted and monitored.
- *Monitor and Review.* This is the oversight and review of the risk management system and any changes that might affect it. Monitoring and reviewing occurs concurrently throughout the risk management process. The Audit Committee will be included in the monitoring and reviewing of risk mitigations and any new areas of risk that have been identified.
- *Communication and Consultation.* Appropriate communication and consultation with internal and external stakeholders should occur at each stage of the risk management process as well as on the process as a whole.

Schematically, the risk management process is depicted in the following diagram:

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### **9. Responsibility for risk management**

#### *Council*

Council retains the responsibility for risk management and for determining the appropriate level of risk that Coorong District Council is willing to accept.

#### *Chief Executive Officer*

The Chief Executive Officer (CEO) is accountable for ensuring that risk management systems are established, implemented and maintained in accord with this policy. Assignment of responsibilities in relation to risk management is the prerogative of the CEO.

#### *Audit Committee*

To assist Council in discharging its responsibility in relation to risk management, the Council will seek the views of its Audit Committee. The responsibilities of the Committee which include providing advice to Council regarding the effectiveness of the Coorong District Council's risk management, governance and control frameworks. are contained in the Committee's Policy and Terms of Reference.

The Audit Committee will receive concise risk reports (minimum annually) as prepared by the Principal Work Health Safety & Risk Advisor, and advise Council as necessary.

#### *Principal Work Health Safety & Risk Advisor*

The Principal Work Health Safety & Risk Advisor has responsibility for coordinating the assessment and reporting of risks across Council operations. This facilitates and enables the management of risk by those with prime responsibilities. The Principal Work Health Safety & Risk Advisor will, in the first instance, be the responsibility of the Risk Coordinator.

#### *Council's Departmental Directors and Managers*

Departmental Directors/Managers are accountable for strategic and operational risk management within areas under their control including the devolution of the risk management process to operational supervisors and staff. This includes responsibility for

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the development of risk mitigation plans and the implementation of risk reduction strategies.

Collectively the management team is responsible for:

- The formal identification of strategic risks that impact upon the Council's strategic and business plans;
- Allocation of priorities; and
- The development of strategic risk management plans.

The management team will review progress against agreed risk management plans and will communicate this to the Audit Committee and to the Council.

Individually the Departmental Directors are responsible for:

- implementation of this policy within their respective areas of responsibility;
- annual reporting on the status of the risk register, insofar as it impacts on their respective responsibilities, as part of the annual business planning and review cycle;
- have knowledge and understanding of the risks within their area of control
- have knowledge and understanding of the impacts to risk of their decisions to wider council operations.
- ongoing maintenance of the risk register insofar as it impacts on their respective responsibilities;
- ensuring that a risk management plan is completed for each capital project venture; and
- ensuring compliance with risk assessment procedures.

#### *General*

Every staff member of Council is responsible for the effective management of risk including the identification of potential risks.

## **10. Further information**

This policy will be available for inspection at the Council offices listed below during ordinary business hours and available to be downloaded, free of charge, from Council's website: [www.coorong.sa.gov.au](http://www.coorong.sa.gov.au).

#### **Coorong Civic Centre**

95 - 101 Railway Terrace  
Taillem Bend  
Phone: 1300 785 277  
Fax: 8572 3822

#### **Meningie Information Hub**

49 Princes Highway  
Meningie

#### **Tintinara Customer Service Centre**

37 Becker Terrace  
Tintinara

Copies will be provided to interested parties upon request. Email [council@coorong.sa.gov.au](mailto:council@coorong.sa.gov.au).

Any grievances in relation to this policy or its application should be forwarded in writing addressed to the Chief Executive Officer of Council.