

Risk Management Policy

Strategic Reference	Outcome 5 – Leadership Strategy 3.1 – Council is an organisational leader, reinforcing our position as a leading local government body. Strategy 3.2 - Council takes a responsible approach to financial sustainability Strategy 3.4 - Council reports openly and transparently on its performance.
File reference	AR18/3246
Responsibility	Office of Chief Executive Officer
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Next review date	May 2025
Applicable Legislation	Local Government Act 1999
Related Policies	Internal Financial Control Policy Prudential Management Policy
Related Documents	ISO 31000: 2018 Risk Management Guidelines 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, operational and project 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.

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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 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 Local Government Act 1999, Work Health & Safety Act 2012 and Equal Opportunity Act 1984. The Risk Management policy does not mitigate Council's responsibility to comply with other relevant 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.

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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 internal factors, 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.

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 on Council objectives.

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 nine 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 - An integral part of all Council processes
- b) Part of decision-making - Aids decision-makers in making informed choices and identifying the most effective course of action
- c) Structured and comprehensive - Contributes to efficiency and to consistent and comparable quality results and outcomes
- d) Best Available Information - Based on historical and current information, as well as on future expectations, taking into account any limitations and uncertainties associated with such information/data and expectations.
- e) Customised - Aligns with the internal and external context related to our objectives

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- f) Inclusive - Requires appropriate and timely involvement of to enable their knowledge, views and perceptions to be considered
- g) Dynamic - Anticipates, detects, acknowledges and responds to changes in Council's internal and external contexts that result in new risks emerging and others changing or disappearing. Improving Council's agility and ability to respond to changes in a timely manner
- h) Human and cultural factors - Recognises that our behaviour, beliefs and culture can significantly influence the achievement of objectives
- i) Continual improvement - Learning and experience drives continuous improvement, council strives to be a learning organisation.

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 outcome or objectives and can be positive and/or negative. Risk sources within the context of the Council's delivery on objectives include:

- Business disruption and technology
- Strategy
- Public safety
- 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.
- Reputational
- Environmental Management
- Business & community continuity
- Governance
- Civil Liability
- Property and Infrastructure.

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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 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:

- *Strategic or Organisational*; Risks associated with high level strategic goals that align to Councils Strategic Management Plan, Annual and Business Plans. Strategic risks may affect the achievement of Council's corporate objectives. They are key issues for the management and impinge on the whole business rather than a business unit. These risks can be triggered from within the business or externally.

In other words they may prevent the organisation from achieving its strategic goals.

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- *Operational*; Risks associated with Directorate daily operations to deliver essential services and core functions of Council, i.e. waste management, buildings, playground, park, road and footpath maintenance, playground maintenance. Often the risks are cost overruns, supply chain/logistic issues, employee issues, fraud, WHS, return to work management, non-compliance to policies and procedures and ability to meet community expectations.
- *Project*; Risks associated with Project Management that will affect milestones and objectives connected to delivering a specific projects.

8. The risk management process

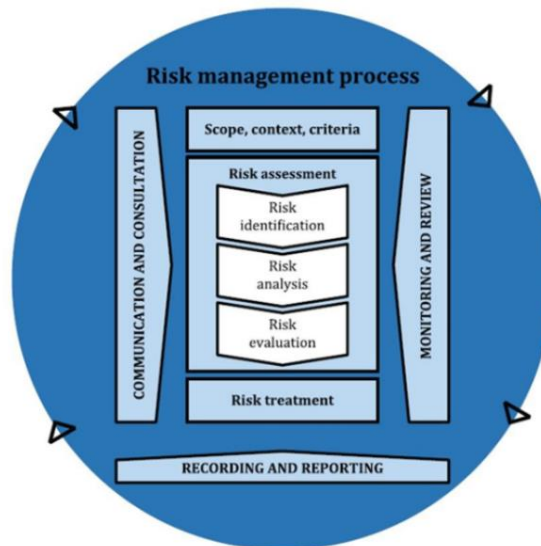
Coorong District Council will maintain procedures to provide the organisation with a systematic view of the risks faced in the course of our business activities. Where appropriate these procedures will be consistent with the ISO 31000: 2018 Risk Management Guidelines.

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 and Risk 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 and Risk Committee

To assist Council in discharging its responsibility in relation to risk management, the Council will seek the views of its Audit and Risk 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 and Risk Committee will receive concise risk reports (minimum annually) as prepared by the Work Health Safety & Risk Officer and advise Council as necessary.

Work Health Safety & Risk Officer

The Work Health Safety & Risk Officer 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.

Council's Departmental Directors and Managers

Departmental Directors/Managers are accountable for strategic, operational and project risk management within areas under their control, including the devolution of the risk management process to operational supervisors and staff. This includes responsibility for the development of risk mitigation plans and the implementation of risk reduction/mitigation strategies.

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Collectively the management team is responsible for:

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

The management team will review progress against agreed risk management plans and will communicate this to the Audit and Risk 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. Availability/Accessibility

This policy is available for inspection at Council's offices during normal business hours & Council's website and will be emailed to interested parties on request (please lodge request in writing via email to council@coorong.sa.gov.au).

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11 Document History

This Policy shall be reviewed at least every four (4) years or more frequently if legislation or Council requires.

Version	Adopted	Minute No	Description of change(s)
1	21 February 2012	051/12	Cyclical review
2	24 June 2014	131/14	Cyclical review
3	21 March 2017	046/17	Cyclical review
4	15 May 2018	088/18	Cyclical review
5	16 October 2018	211/18	Cyclical review
6	20 October 2020	257/20	Cyclical review
7	29 June 2021	140/21	Updated strategic references to the Community Vision Plan 2021 – 2025 Removed reference to the 'Work Health and Safety Policy' Inclusion of document history table Changed review date to four years to align with renewal date of the Community Vision Plan General formatting of document