

# Risk Management Policy

## Policy Details

Policy Category	Council Policy
Date Adopted	15 <sup>th</sup> June 2022
Endorsed by	Chief Executive Officer
Approval Authority	Council
Effective Date	15 <sup>th</sup> June 2022
Policy Version Number	3
Policy Owner	Director Corporate Services
Contact Officer	Director Corporate Services
Review Date	Every 4 years within six months of Local Govt. Elections

## Supporting documentation

Legislation	<ul style="list-style-type: none"> <li>Local Government Act 2009</li> <li>Local government Regulation 2012</li> </ul>
Policies	<ul style="list-style-type: none"> <li>Risk Management Guidelines</li> </ul>
Delegations	<ul style="list-style-type: none"> <li></li> </ul>
Forms	<ul style="list-style-type: none"> <li>Corporate Risk Register</li> <li>Operational Risk Register</li> </ul>
Supporting Documents	<ul style="list-style-type: none"> <li>AS/NZS ISO 31000:2018 Risk Management – Guidelines</li> </ul>

## Version History:

Version	Adopted	Comment	eDRMS #
3	15/06/2022	Council Resolution 0622/015	0622/015
2	26/02/2020	Council Resolution 0220/020	

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## Intent

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This policy outlines Council's commitment to the development and maintenance of an Enterprise Risk Management Framework and Risk Management Process in accordance with AS/NZS ISO 31000:2018. This framework will be the basis for decisions on how best to identify, assess and manage risk throughout all of Council. This will ensure a consistent approach to risk management processes that will protect the Council, its employees, and the community against loss from foreseeable risks, and create an environment where Council, management and staff assume responsibility for risk management.

## Scope

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This policy applies to all Councilors and officers of Carpentaria Shire Council who are involved in the identification and management of all risks associated with the performance of Council functions and the delivery of Council services.

Contractors, committees, and volunteers engaged in the provision of Council services, or the management of Council facilities and assets, are also required to comply with this policy.

## Policy Statement

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Carpentaria Shire Council recognises that as a public authority it is exposed to a broad range of risks which, if not managed, could adversely impact on the organisation achieving its strategic objectives. Therefore, Council will implement a systematic risk management methodology to identify and address, where practical, areas of potential risk within Council. This policy aims to ensure that a consistent approach is taken across the organisation in the identification, assessment and management of risks and that risk management is a normal part of the decision-making process at all levels and in all sections of Council.

## Objectives

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The objectives of this policy are:

- Align Council activities to and support business objectives identified in Council's corporate and operational plans.
- Maintain and improve reliability and quality of service provided by Carpentaria Shire Council.
- Minimise or eliminate adverse impacts from Council's services or infrastructure on the community, visitors, and the environment.
- Capitalise on opportunities identified for Carpentaria Shire Council.
- Safeguard Council's employees, contractors, committees, volunteers, assets, financial sustainability, property, reputation, and information.
- Promote risk management principles as a strategic tool to ensure better informed decision making throughout Council; and

- Create a culture of risk management across the Council.

## Principles

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The following principles will be adopted to ensure that the objectives are achieved:

- Apply a risk management framework which is consistent with the current *AS/NZS ISO 31000:2018 Risk Management – Guidelines* for making decisions on how best to identify, assess and manage risk throughout all departments of Council.
- Evaluate identified risks and implement treatments progressively based on the level of risk assessed and the effectiveness of the current treatments.
- Integrate risk management with existing planning and operational processes, including the Corporate Plan.
- Consider relevant legislative requirements and political, social and economic environments in managing risks.
- Create a culture of risk awareness throughout the organisation through training, induction, promotion and risk review and reporting mechanisms; and
- Ensure resources and operational capabilities are identified and responsibility for managing risk is allocated.

## Roles and Responsibilities

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Council adopts the policy and ensures sufficient resources are applied to managing the risks identified. Council adopts a “three lines of defence model” to implement best practice risk management. This model is summarised in Appendix A.

<b>Council</b>	Council is responsible for adoption of this policy and ensuring sufficient resources are applied to managing the risks identified.
<b>Chief Executive Officer</b>	<p>Council’s Chief Executive Officer is responsible for identifying, evaluating, and managing risk in accordance with this policy through a formal enterprise-wide risk management framework. Formal risk assessments must be performed at least once a year as part of the business planning and budgeting process.</p> <p>The Chief Executive Officer will report to Council annually on the progress made in implementing a sound system of risk management and internal compliance and control across Council's operations.</p>
<b>Executive Leadership Team</b>	<p>Council’s Executive Leadership Team will perform the function of the Risk Management Committee which has oversight of developing the risk management framework and monitoring risk treatment.</p> <p>The Executive Leadership Team will ensure the risk management framework identifies high level strategic risks and aligns with the Internal Audit Plan.</p> <p>The Executive Leadership Team will ensure that the results of its reviews are provided to Council for update of the Council’s risk profile as appropriate.</p> <p>The Executive Leadership Team will ensure periodic reviews of the risk management framework are carried out by Internal Audit pursuant to the Internal Audit Plan.</p>

	Council's Executive Leadership Team is responsible for the accuracy and validity of risk information reported to the Council. In addition, it will ensure clear communication throughout the Council of the Council's and senior management's position on risk.
<b>Employees including casual staff, contractors, and volunteers.</b>	All employees are responsible for management of risks within their areas of responsibility as determined under any risk treatment plans.  Employees will be responsible for the timely completion of activities conducted routinely to ensure that employees are familiar with risk management and how it is applied within Carpentaria Shire Council.
<b>Risk Monitoring</b>	Council utilises several functions, including Internal Audit, to perform independent and objective monitoring over its risk areas, including if necessary, conducting reviews over Council's operations and risk areas by external agencies.  The scope of the work undertaken by all these functions and the reviews by external agencies, will be considered in conjunction with Council's risk profile at least annually. This will assess the independent monitoring of key risk areas within Council's risk profile.

## Policy Review

This Policy will be reviewed when any of the following events occur:

- Audit reports relating to risk management activities being undertaken by Council indicate that a policy review from a legislative, compliance or governance perspective is justified.
- Relevant legislation, regulations, standards, and policies are amended or replaced; and
- Other circumstances as determined from time to time by the Chief Executive Officer or through a resolution of Council.

Notwithstanding the above, this policy and Council's risk management framework will be reviewed at least every four years, within six months of the Local Government Election, by Council's Executive Leadership Team to review its effectiveness and to ensure its continued application and relevance.

## Definitions

TERM	DEFINITION
<b>Enterprise Risk Management</b>	Enterprise risk management encompasses all the major risk categories (including financial, environmental, health and safety, fraud, information technology, compliance, security, and business continuity) and includes the coordination, integration, consolidation, and consistency of reporting by the various Council's business functions and activities with identified risks.
<b>Risk</b>	Risk is defined by the Australian Standard for Risk Management as "effect of uncertainty on objectives". An effect is a deviation from the expected.

TERM	DEFINITION
	It can be positive, negative or both, and can address, create, or result in opportunities and threats. Objectives can have different aspects and categories and can be applied at different levels. Risk is usually expressed in terms of <i>risk sources</i> , potential <i>events</i> , their <i>consequences</i> , and their <i>likelihood</i> .
<b>Risk Management</b>	Risk management is the coordinated activities to direct and control an organisation with regards to risk. Risk management for Council refers to the culture, processes and structures developed to effectively manage potential opportunities and adverse effects for any activity, function or process undertaken by the Council. Managing risk is achieved through the systematic application of policies, procedures, and practices to identify, analyse, evaluate, treat, monitor, and communicate risk.
<b>Risk Register</b>	The risk register lists identified and assessed risks.

Adopted by Council 15<sup>th</sup> June 2022 by Resolution 0622/015.



**Mark Crawley**  
Chief Executive Officer

## APPENDIX A - Three Lines of Defence Model

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### 1<sup>st</sup> Line of Defence: Departments

- Management responsible for managing their own processes
- Responsible for identifying, analysing, managing, monitoring and reporting risks within their departments
- Promoting and implementing a culture for managing risk exposure
- Ongoing management of inherent and residual risks
- Reports to Executive Team

### 2<sup>nd</sup> Line of Defence: Executive Team

- Enterprise-wide risk management
- Responsible for the design and maintenance of the risk management framework
- Provide the tools and assistance to help the business manage risk
- Expertise, support, monitoring and challenge on risk-related matters
- Combination of oversight and assurance
- Overarching risk oversight unit across all risk types
- Reports to Audit Committee

### 3<sup>rd</sup> Line of Defence: Independent Assurance

- Audit Committee
- Internal Audit
- Responsible for providing independent and objective assurance to Council regarding effectiveness of risk management
- Independent assurance function
- Reports to Council/External Audit