

Policy

Enterprise Risk Management Version 2.0

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Minute No 216

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Section: Corporate Governance
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Background

1. Tweed Shire Council (Council) operates in a demanding natural, social and business environment. There is always some uncertainty associated with the decisions and actions we take to achieve our objectives. We call this effect of uncertainty on our objectives **risk**.
2. Council recognises that whilst risk is inherent in all its activities, the management of risk is good business practice, creates value, is integral to sound corporate governance and in some instances, a mandatory legal requirement.
3. We will therefore ensure an effective **risk management framework** exists and set criteria about the levels and types of risk that are acceptable, understand the nature of the risks that are created by the decisions we make, and ensure that the level of risk is within our criteria, adjusting where necessary.

Purpose

4. The purpose of this Enterprise Risk Management Policy is to communicate Council's overall intentions and direction, to allocate responsibility and accountability, to managing risk across the organisation.

Application

5. This policy applies to the Elected Council, Council staff, our contractors and volunteers, across all Council activities and processes.
6. The Work Health and Safety management system adheres to the enterprise risk framework adopting the principles of AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines.

Definitions

Council means Tweed Shire Council

Framework means Tweed Shire Council's enterprise risk management framework

Risk is defined as the effect of uncertainty on objectives

Risk Management refers to the co-ordinated activities to direct and control an organisation with regard to risk

Risk Management Framework is a set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.

Mandate and Commitment

7. Council is committed to a systematic, proactive and enterprise-wide approach to managing risk that is consistent across the organisation.

8. We will apply risk management thinking, principles and practices, to aid in the delivery of 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 our objectives.
9. We will be honest with ourselves and with others in relation to the risk exposures and challenges faced by Council. Equally, when events occur, we will use systematic processes to learn the lessons from its successes, failures and near misses. In this way we will drive operational excellence and organisational learning and growth.

Risk Management Framework

10. Council is committed to maintaining an effective, efficient and tailored risk management framework, and process, that is detailed and communicated through:
 - a. This policy;
 - b. An enterprise risk management protocol;
 - c. An enterprise risk register procedure;
 - d. Supporting documentation that complement risk management including fraud prevention, business continuity management, project management, work health and safety management system and a code of conduct, and
 - e. The Enterprise Risk Management Committee.
11. The Framework will enable:
 - a. A formal, structured approach to risk management that is appropriate to the organisation's activities and operating environment; and
 - b. A risk management approach consistent with the principles of AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines.
12. It should be noted from the outset, however, that the implementation of a risk management framework is a long term proposition that will take some time to fully mature and produce the expected results. A considerable and concerted effort by senior management and staff is required from the outset to ensure that commitment to the Framework is maintained. What will be evident, in time, is that the commitment made to the Framework will be worthwhile in the longer term.

Attitude to Risk

13. Council has developed an approach to assess and eventually pursue, retain, take or turn away from risk. This approach defines Council's attitude to risk and is embedded within a set of risk criteria that reflect its critical success factors.
14. In summary, Council has little acceptance for known and avoidable operational risks that might impact on the safety and wellbeing of our staff and community, security and public assets, our reputation and delivery of services. We acknowledge we will have to take some calculated risks in order to achieve our objectives. Opportunity may arise from risk taking, however in taking such risks, we will consider current financial and human resources and the potential impact on the longer term financial, environmental and social sustainability.

Implementing Risk Management

15. Council is committed to ensuring that a strong risk management culture exists and will develop and maintain a risk management framework that:
 - a. Aligns enterprise risk management processes to Council's existing planning and operational processes;
 - b. Allocates sufficient funding and resources to risk management activities;
 - c. Provides staff with appropriate training in risk management principles;
 - d. Assigns clear responsibilities to staff at all levels for managing risk;
 - e. Embeds key controls to manage risks into business processes;
 - f. Establishes appropriate mechanisms for measuring and reporting risk management performance;
 - g. Communicates risk management protocols, procedures and issues to staff and other stakeholders;
 - h. Takes human and cultural factors into account; and
 - i. Is dynamic, iterative and facilitates continual improvement.

Performance Measures

16. The performance of the risk management activities will be measured and reported in relation to three distinct categories:
 - a. Compliance with this Policy;
 - b. Maturity of the risk management program within the organisation; and
 - c. Achievement of organisational objectives.

Accountabilities and Responsibilities for Managing Risk

17. **The Elected Council** is ultimately responsible for adopting and committing to this Enterprise Risk Management Policy. Responsibilities specific to the risk management framework include:
 - a. Providing feedback to management on important risk management matters/issues raised by management;
 - b. Supporting management in communicating the importance and benefits of good risk management to stakeholders;
 - c. Identifying and monitoring emerging and/or strategic risks; and
 - d. Fully considering risk management issues contained in Council reports and the risks arising from its decisions.
18. The **Audit, Risk and Improvement Committee** is responsible for monitoring the risk exposure of Council by determining if management has appropriate risk management processes and adequate management information systems in place.
19. The **General Manager**, with the assistance of the Directors, is responsible for leading the development of an enterprise risk management culture across the organisation, and ensuring that the Enterprise Risk Management Policy, and associated documentation, is being effectively implemented and resourced. Specifically the General Manager is responsible for:

- a. Where appropriate, reporting known potential risks, emerging risks or major incidents to the Elected Council in a timely manner;
 - b. Determining whether to accept or further treat residual risks that are assessed as Very High or above;
 - c. Ensuring that risk management activities are aligned to Council's strategy and objectives; and
 - d. Ensuring sufficient funds are available to support effective and efficient management of risks.
20. The **Executive Management Team** is responsible for championing and leading a culture of enterprise risk management. To consider urgent, sensitive and/or complex risk management issues that cannot be resolved by staff or the Enterprise Risk Management Committee. Provide comment and where appropriate implement actions on internal audit reports.
21. **Directors** are responsible for ensuring that the Enterprise Risk Management Policy, and associated documentation, is being effectively communicated and implemented within their areas of responsibility and determining whether to accept or further treat residual risks that are assessed as High or above, as identified.
22. The **Enterprise Risk Management Committee** is responsible for the oversight and monitoring of the Enterprise Risk Management Protocol, development and monitoring of an annual risk management action plan and to review significant operational risk exposure.
23. **Managers and Unit Co-ordinators**, as risk owners, are required to identify, analyse, evaluate and treat risks that may impact on the objectives of their Unit. They are accountable for the implementation and maintenance of sound risk management processes and structures within their area of responsibility in conformity with Council's enterprise risk management framework including:
- a. Identifying and monitoring emerging risks to their Service Plans;
 - b. Identifying, recording and periodically evaluating risks;
 - c. Identifying, recording and assessing effectiveness of existing controls;
 - d. Implementing and maintaining effective internal controls;
 - e. Reporting known potential and emerging risks to their Director in a timely manner, where assessed as Medium to High and above, as identified within the Protocol; and
 - f. Maintaining up to date risk registers through quarterly reviews and updates.
24. Managers and Unit Co-ordinators are also responsible for supporting good management practices that complement risk management including;
- a. Complying with and monitoring staff compliance with Council's policies, procedures and protocols, guidelines and designated authorities;
 - b. Fully considering and reporting risk management issues within Council reports;
 - c. Maintaining up-to-date information and documentation for key operational processes; and
 - d. Incorporating risk treatment plans into sectional Service Plans, Council's Operational Plan and budget as required.

25. The **Enterprise Risk and Emergency Management Officer** is responsible for coordinating and facilitating the processes for the management of risk throughout Council. This may include the provision of advice, education and service assistance to all areas on risk management matters. Specific responsibilities include:
- a. Ensuring the Framework remains relevant and appropriate for Council;
 - b. Making recommendations on all aspects of the Framework;
 - c. Providing advice and support to the Council, the Audit, Risk and Improvement Committee, and all Council staff on risk management matters;
 - d. Identifying and recommending appropriate training relevant to all staff to promote a positive risk, compliance and control culture;
 - e. Periodically reviewing key enterprise risk management related documents; and
 - f. Providing executive support to the Enterprise Risk Management Committee.
26. **All members of Council staff, contractors and volunteers** are responsible and accountable for taking practical steps to minimise Council's exposure to risks insofar as is reasonably practicable within their area of activity and responsibility.

Review Date

27. This policy will be reviewed within 12 months of the election of each new Council or more frequently in the event of any material changes in circumstances.

Version Control

Version History		
Version	Summary of changes made	Date changes made
1.0	Incorporated into new policy template	20/06/2013
1.1	Adopted by Council	20/08/2015
2.0	Complete Review and Update	January 2017

References

Standards Australia AS/NZS ISO 31000:2009 *Risk Management – Principles and Guidelines*.

Standards Australia SA/SNZ HB 436:2013 *Risk Management Guidelines – Companion to AS/NZS ISO 31000:2009*