WALCHA COUNCIL

POLICY

Risk Management Policy

Applicability

Council Staff, Councillors & Contractors

Publication Requirement

External and Internal

Assigned Responsible Officer

General Manager

Document Status

Version	Date Reviewed	Prepared by	Endorsed	Approved
DRAFT	24/05/2024	Manager People & Performance		

Amendment Record

Amendment Version #	Date Reviewed	Description of Amendment

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1. POLICY SUMMARY

The purpose of this policy is to express Walcha Council's commitment to implementing organisation-wide risk management principles, systems and processes that ensure consistent, efficient and effective assessment of risk in all of Walcha Council's planning, decision making and operational processes.

This policy refers to Walcha Council's Risk Management Framework which is the overarching basis of Walcha Council's Risk Management. The Risk Management Framework provides an understanding of Walcha Council's Internal & External Risks and the impact that these risks may present to the community, to Walcha Council Assets, services and programs, and to Walcha Community Strategic Plan.

Walcha Council's Risk Management Framework complies with AS/NZS ISO31000:2018 Risk Management Guidelines to assist Walcha Council to identify, treat, monitor and review all risks to its operations and strategic objectives and apply appropriate internal controls.

Walcha Council is committed to the principles, framework and process of managing risk and commits to fully integrating risk management within the Walcha Council and applying it to all decision-making, functions, services and activities of the Walcha Council in accordance with our statutory requirements.

2. POLICY SCOPE

Walcha Council aims to create a positive risk management culture where risk management is integrated into all everyday activities and managing risks is an integral part of governance, good management practice and decision-making. It is the responsibility of every staff member and business area to observe and implement this policy and Walcha Council's Risk Management Framework.

All staff are responsible for identifying and managing risk within their work areas. Key responsibilities include:
- being familiar with, and understanding, the principles of risk management
- complying with all policies, procedures and practices relating to risk management
- alerting management to risks that exist within their area, and
- performing any risk management activities assigned to them as part of their daily role.

Risk management is a core responsibility for all senior staff/management at Walcha Council. In addition to their responsibilities as staff members, senior staff/management are responsible for:
- ensuring all staff manage their risks within their own work areas. Risks should be anticipated, and reasonable protective measures taken
- encouraging openness and honesty in the reporting and escalation of risks
- ensuring all staff have the appropriate capability to perform their risk management roles
- reporting to the General Manager on the status of risks and controls, and
- identifying and communicating improvements in Walcha Council's risk management practices to Walcha Council's risk management function (People and Performance).

People and Performance risk management function is available to support staff in undertaking their risk management activities.

To ensure Walcha Council is effectively managing its risk and complying with its statutory obligations, Walcha Council's Audit, Risk and Improvement Committee and internal audit function is responsible for reviewing the Council's:
- risk management processes and procedures
- risk management strategies for major projects or undertakings
- control environment and insurance arrangements
- business continuity planning arrangements, and
- fraud control plan

3. POLICY OBJECTIVES

The objectives of this policy are to facilitate Walcha Council in striking a balance between risk management and opportunity taking, whilst achieving the objectives set out in Council's Community Strategic Plan and Delivery Program by:

- Ensuring Council wide risk management is integrated into Council planning and operational processes
- Supporting and allowing effective delivery of equitable and appropriate services and facilities for the community whilst creating an environment of innovation and business improvement
- Implementing risk practices that lead to a risk aware culture
- Having regard to long term and cumulative commitments by Council to environmental, economic, social and governance objectives aligned with Council's Integrated Planning and Reporting Framework

The successful implementation of Walcha Council's Risk Management Framework and Risk Management Policy will enhance the delivery of all Community Strategic Plan objectives.

4. POLICY

4.1 Council's Risk Management Framework

Council identifies, assesses and manages risk at both an enterprise ('top-down') and a business ('bottom-up') level. This process covers the full spectrum of risks including policy, strategic, financial and operational risks, including compliance. This approach to risk management is known as Enterprise Risk Management (ERM).

This policy aims to achieve the proper identification and oversight of all the risks Council faces. Council's risk management approach will encompass the following key elements:

- Risk Management Policy
- Risk Appetite Statements
- Risk Management Plan
- Risk Management Procedures.

This framework is consistent with the Risk Management and Internal Audit for Local Councils in NSW Guidelines and AS/NZS ISO Risk Management Standard 31000:2018 Risk Management Guidelines, and comprises several important steps:

- Identifying and analysing the main risks facing the Council;
- Evaluating those risks and making judgements about whether they are acceptable or not;
- Implementing appropriately designed control systems to manage these risks in a way which is consistent
- with Council's risk appetite;
- Treating risks by formulating responses following the identification of unacceptable risks, including
- actions to reduce the probability or consequences of events and formulation of contingency plans;
- Documenting these processes, with summary tables (risk registers) the main forms of documentation,
- supplemented by risk manuals or related documents as appropriate; and
- Ongoing monitoring, communication and review.

The approach aligns with and incorporates the principles of the 'three lines of defence' model, which is based on a set of layered defences that align responsibility for risk taking with accountability for risk control.

Business units of Council (the first line) own and manage risks and are responsible for implementing controls to keep risks within the appetite of the organisation; the second line provides specialised risk and compliance management services; and the third line, primarily via the internal audit function, provides assurance to senior management on the effectiveness of governance, risk management and internal controls.

4.2   Risk Profile and Appetite

Council seeks to manage its risk profile carefully. This reflects the view that satisfactory fulfilment of its important public responsibilities could be seriously jeopardised if poorly managed risks were to lead to significant impairment of operations, financial losses, harm to the environment and/or damage to Council's reputation.

In support of this, Council has developed risk appetite statements for Council's risk categories. This will define the level of risk Council is willing to accept in pursuit of its strategic goals and will form the basis of Council's approach to managing risk and taking opportunities in day to day operational activities as well as strategic decision making.

4.3   Risk Management Plan

A risk management plan will be developed to provide structure for how Council will implement the Risk Management Policy and conduct its risk management activities. The primary purpose of the plan is to ensure that the Council's arrangements for managing risks are clearly understood and practiced, and identifies where, when and how different types of decisions relating to risk are made across the Council and by whom.

The Risk Management Plan will include:
- Roles, accountabilities and responsibilities in relation to risk management;
- The timeframes for risk management activities;
- The activities that Council will undertake to implement its Risk Management Policy;
- How risk management processes will be implemented and maintained ;
- Resourcing requirements (people, IT and physical assets);
- Training and development requirements;
- Performance measures used to evaluate the success of the risk management framework, and
- How and when the Council's Risk Management Framework will be reviewed.

4.4   Risk Management Procedures

Risk management procedures will be developed to provide a systematic way of identifying, assessing and prioritising risks, deciding how they will be managed, and documenting and communicating this across the Council. All risk management procedures are to be performed in accordance with AS/NZS ISO 31000:2018 Risk Management - Guidelines, using qualitative, semi-quantitative or quantitative methods and techniques that best suit the Council's operations, risk management maturity and decision-making needs.

4.5   Decision Making

To ensure its success, the Risk Management Framework will be integrated within all Council's decision-making processes, governance structures, operational procedures and integrated planning and reporting processes.

4.6   Risk Management Framework – Continuous Review

The Council executive is responsible for ensuring the effectiveness of the risk management framework can be assessed. This will be achieved by ensuring that:
- any approved risk treatment plans have performance targets and timelines that can be measured against goals and objectives, and
- a methodology is implemented to obtain the data needed to measure the impact of the Council's risk management framework.

An ongoing assessment that identifies, analyses and evaluates organisational risks should be undertaken to ensure that Council's risk register and risk profile are current and appropriate.

4.11   Internal Audit

The Internal Audit function develops and implements a risk-based audit program to provide assurance that risks are identified and key controls to mitigate these risks are well-designed and working effectively and that

overall good governance is evident. Internal Audit reports are reported to the ARIC to ensure independent oversight of the effectiveness of controls and any recommendations that are made for improvement.

5. LEGISLATIVE REQUIREMENTS

The Local Government Act 1993 and the Local Government (General) Regulation 2021 require each council in NSW to have a robust risk management framework that accurately identifies and mitigates the risks facing the council and its operations.

The Office of Local Government (OLG) has drafted the Risk Management and Internal Audit for Local Councils in NSW Guidelines to assist councils, county councils and joint organisations to comply with such statutory requirements. Implementation of the Risk Management and Internal Audit for Local Councils in NSW Guidelines by Council is mandatory.

6. REVIEW

This Policy will be reviewed every two years from the date of each adoption of the policy, or more frequently as required. This policy will be reviewed within one year of any significant restructure or change to Council's operating environment.

7. REPORTING

The General Manager will publish an attestation statement in the Council's Annual Report indicating, for the prior financial year, whether Council has complied with its risk management requirements.

8. RESPONSIBLE OFFICER

The Manager of People and Performance is the responsible officer for this policy and will be the principal point of contact for interpretation or queries on the policy. The Manager of People and Performance will have responsibility for maintaining appropriate records relating to the Risk Management Framework and its application. The Manager of People and Performance has additional responsibilities for implementation of actions under this Policy which are defined in the next section.

9. ROLES AND RESPONSIBILITIES

9.1 Council

The elected Council is responsible for adopting Council's Risk Appetite statements. The elected Council is also responsible, as part of the approval of the annual budget, for the provision of the resources needed to:

- Implement an appropriate risk management framework, and
- Deliver risk treatments and internal controls needed to ensure risks are appropriately managed.

9.2 General Manager

Consistent with the General Manager's role under section 335 of the Local Government Act 1993 to conduct the day-to-day management of the Council, the General Manager has ultimate responsibility and accountability for risk management in the Council. This includes:

- Approving the Council's risk management plan, risk treatment plans, risk register and risk profile;
- Overseeing the Council's risk management framework and ensuring it is effectively communicated, implemented and reviewed regularly;
- Ensuring Council operates within its level of risk appetite;
- Promoting and championing a positive risk culture;

- Ensuring that all Council managers and staff (permanent, temporary or contract) understand their risk management responsibilities and that these are included in all job descriptions, staff induction programs, performance agreements and performance appraisals;
- Annually attesting that Council's risk management framework complies with statutory requirements and remains contemporary and in line with best practice; and
- Approving the Council's implementation of corrective actions recommended by the Council's internal audit function, external audit and the Audit Risk and Improvement Committee (ARIC).

9.3 Chief Officers and Managers

Chief Officers and Managers have the responsibility for managing specific policy, project and program risks across the Council. This includes being responsible, within the sphere of their authority, for:

- Promoting awareness of risks and risk treatments that must be implemented;
- Ensuring Council staff are implementing the Council's risk management framework as developed and intended and performing their risk management responsibilities;
- Identifying risks that will affect the achievement of the Council objectives;
- Establishing and/or implementing specific policies, operating and performance standards, budgets, plans, systems and/or procedures to manage risks, and
- Monitoring the effectiveness of risk treatment and internal controls.

9.4 Manager of People and Performance

The Manager of Governance and Strategy is the Responsible Officer for this policy and will coordinate the following functions in relation to the policy:

- Implementing effective risk management communication mechanisms within Council
- Developing and maintaining a risk reporting framework to enable regular advising/reporting of key risks, and the management of those risks, to the senior management group and ARIC;
- Supporting Chief Officers and Managers by co-ordinating and providing clear and concise risk information, advice and/or reports that can be used in planning and decision-making;
- Undertaking regular reviews of both the policy and associated procedures;
- Helping to build a risk management culture within the Council, including facilitating and driving risk management at the strategic and operational level and ensuring consistency in practice;
- Training and educating relevant employees with respect to policy and procedures and ensuring documents, tools, templates and user guides are current and readily available;
- Coordinating the various activities relating to risk management within the Council;
- Ensuring there are easily accessible systems and processes in place to enable all staff to conveniently undertake risk management in their day-to-day work;
- Supporting Council staff with their risk management obligations and providing staff with advice and tools to ensure risk management compliance;
- Establishing and maintaining an ongoing monitoring system to track the risk management activities undertaken within Council and assessing the need for further action; and
- Assessing risk management information for completeness, accuracy and consistency (for example, risk registers, risk treatment plans).

9.5 Staff

All Council staff are responsible for:

- helping to identify risks in their business unit;
- implementing risk treatment plans within their area of responsibility;
- following standard operating procedures (where applicable); and
- communicating or escalating new risks that emerge to their manager.

9.6 Council Executive Leadership Team

The Council Executive Leadership Team have responsibility for reviewing and monitoring existing and emerging

corporate risks, possible improvements and business continuity arrangements. An annual review of Council's corporate risk register will be undertaken which will be reported to the ARIC.

9.7 Audit, Risk and Improvement Committee (ARIC)

The ARIC will be responsible for providing independent assurance to the General Manager and Council that the risk management framework is appropriate and working effectively and provide advice on an annual basis that Council has complied with its risk management requirements. This includes advising whether:

- Council's risk management framework operates effectively and supports the achievement of the council's strategic goals and objectives;
- Council's risk appetite is appropriately reflected in the Council's internal control framework; • Council is operating within the risk appetite determined by Council;
- Risk management covers all relevant risk categories including strategic, operational, compliance, reputational and reporting risks;
- Council takes an enterprise risk management approach that is fully integrated into all aspects of the Council, including decision-making processes and operations;
- Risks are formally considered when developing and implementing all Council policies, programs, projects and other activities, including procurement;
- Major risks have been identified and assessed by Council and appropriate risk treatments have been implemented that reflect the Council's risk criteria;
- Internal controls are effective and appropriate;
- Council's risk management framework complies with AS/NZS ISO 31000:2018 Risk Management - Guidelines;
- Resources provided for risk management are sufficient for managing risks facing Council; and
- Risk management policies, procedures and plans are being complied with.

10. RELATED INFORMATION
- Risk Appetite Statements
- Risk Management Plan
- Risk Management Procedures
- Risk Management Framework

FURTHER INFORMATION

Further information may be obtained by contacting Manager People and Performance.