ENTERPRISE RISK MANAGEMENT POLICY

P3.0194.2

ENTERPRISE RISK MANAGEMENT

DIVISION: Customer & Corporate Strategy

BRANCH: Governance & Risk

CATEGORY: 2

PART 1 – INTRODUCTION

1.   OBJECTIVE

1.1   The purpose of this policy is to promote enterprise risk management throughout Council to:

- Increase the likelihood of achieving objectives

- Improve decision making and planning

- Improve identification of opportunities and threats

- Encourage proactive rather than reactive management

- More effectively allocate and use resources (human, financial, intellectual)

- Improve stakeholder confidence and trust

- Improve compliance with key regulatory requirements

- Improve the internal control environment

- Promote sound corporate governance, and

- Enhance communication and reporting of risk.

2.   BACKGROUND AND RATIONALE

2.1   Council understands that large, unmitigated risks can adversely impact its stakeholders and its ability to achieve strategic and operational objectives. Accordingly, Council is committed to a systematic, proactive and enterprise wide approach to managing risk.

3.   SCOPE

3.1   This policy applies to all Councillors, General Manager, Directors, Managers, staff, contractors and volunteers across all Council activities and processes.

3.2   Risk Management is not a standalone function of Council; it is an integral part of all organisational processes, including:

- Strategic & operational planning

- Project management, and

- Change management processes.

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3.3 Risk Management provides support and guidance to the existing management systems within Council. The successful implementation of the Enterprise Risk Management Policy requires a consistent and systematic approach to risk management at all levels of Council.

4. DEFINITIONS

4.1 **Risk** means the effect of uncertainty on objectives. In this regard, risk includes both:

(a) Potential threats to achieving those objectives (negative risk), and

(b) Potential opportunities for achieving those objectives (positive risk).

4.2 **Risk Management** means coordinated activities to direct and control an organisation with regard to risk.

4.3 **Risk Management Framework** means components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving enterprise risk management throughout the organisation.

PART 2 - POLICY STATEMENT

5. MANDATE AND COMMITMENT

5.1 Council is committed to the formal, systematic, structured and proactive management of risks across the organisation. This includes financial, reputational, compliance, operational, safety, environmental, service delivery and strategic risks.

5.2 Council is committed to embedding risk management principles and practices into:

- Organisational culture

- Decision making processes

- Business information systems

- Strategic and operational planning, and

- Business and financial processes.

5.3 Council recognises that risk management is an integral function of effective service delivery and not an isolated activity.

5.4 Council will ensure that risk management processes are in place and risk assessments are completed for major policies, projects, programs and plans.

5.5 Council recognises that it is essential that risk management, strategic, operational and financial planning are aligned.

5.6 Council is committed to providing ongoing risk management training for management and staff to increase awareness and improve the operational effectiveness of risk management programs.

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5.7 Council is committed to monitoring and improving risk management activities and their effectiveness through a program of continuous improvement.

6. RISK MANAGEMENT FRAMEWORK

6.1 Council is committed to maintaining an effective, efficient and tailored risk management framework that consists of:

- This policy

- An enterprise risk management strategy, and

- Supporting policies that complement risk management such as fraud and corruption prevention, business continuity management, project management and WH&S management systems.

6.2 The framework will enable:

- A formal, structured approach to risk management that is appropriate to Council's activities and operating environment, and

- A risk management approach consistent with the principles of AS/NZS ISO 31000:2018.

7. RISK APPETITE

7.1 Risk appetite is the amount of risk that an organisation wants to take and is willing to accept in pursuit of its objectives.

7.2 Risk tolerance is the amount of risk an organisation is willing to bear in respect of a particular business line, function or risk type.

7.3 As a local government authority, Council has an obligation to its stakeholders to ensure that it does not accept high levels of risk that might impact on community wellbeing and amenity or the ongoing viability of Council. Accordingly, Council generally has a low appetite and tolerance for unmitigated risks across all of its operations and objectives. However, given the enormous growth that Camden will experience in coming years, Council will need to take some calculated risk to ensure that infrastructure and services meet the needs of future communities.

8. IMPLEMENTING RISK MANAGEMENT

8.1 Council is committed to ensuring that a strong risk management culture exists and will develop and maintain an enterprise risk management strategy that:

- Aligns risk management processes to existing planning and operational processes

- Allocates sufficient funding and resources to risk management activities

- Provides staff with appropriate training in risk management principles

- Assigns clear responsibilities to staff at all levels for managing risk

- Embeds key controls to manage risks into business processes

- Establishes appropriate mechanisms for measuring and reporting risk management performance

- Communicates risk management policies, plans and issues to staff and other stakeholders

- Takes human and cultural factors into account, and

- Is dynamic, iterative and facilitates continual improvement.

9. RESPONSIBILITIES

9.1 **Councillors** are responsible for:

- Reviewing and approving the Enterprise Risk Management Policy

- Providing feedback to management on important risk management matters/issues raised by management

- Supporting management in communicating the importance and benefits of good risk management to stakeholders

- Considering risk management issues contained in Council reports, and

- Considering the risks arising from Council decisions.

9.2 **The Audit Risk and Improvement Committee** is responsible for reviewing whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of business and financial risks, including fraud.
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9.3 **The General Manager**, with the assistance of senior management, is responsible for leading the development of an enterprise risk management culture across the organisation and ensuring that the Enterprise Risk Management Policy and Strategy are being effectively implemented.

9.4 **The Executive Leadership Group** (ELG) is responsible for ensuring that the Enterprise Risk Management Policy and Strategy are being effectively implemented within their areas of responsibility.

9.5 **The Senior Management Team** (SMT) is responsible for overseeing the development, implementation and ongoing review of Council's ERM framework, to consider and resolve cross-organisational risk management issues and/or those that are unable to be addressed by Managers and to escalate risks where necessary to the ELG.

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9.6 **Supervisory staff** (including Managers, team leaders, coordinators or any other staff members supervising other staff, volunteers or contractors) at all levels are the risk owners and are required to create an environment where the management of risk is accepted as the personal responsibility of all staff, volunteers and contractors. Supervisory staff are accountable for the implementation and maintenance of sound risk management processes and structures within their area of responsibility in conformity with Council's risk management framework and are responsible for escalating risks where necessary to the SMT.

9.7 **The Manager Safety and Risk** is to lead the enterprise risk management framework and ensure safety and risk management is at best practice level.

9.8 **The Risk Management Officer** is responsible for coordinating the processes for the management of risk throughout the organisation. This may include the provision of advice and service assistance to all areas on risk management matters.

9.9 **Staff, volunteers and contractors** are required to act at all times in a manner which does not place at risk the health and safety of themselves or any other person in the workplace. Staff are responsible and accountable for taking practical steps to minimise Council's exposure to risks in so far as is reasonably practicable within their area of activity and responsibility.

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RELEVANT LEGISLATIVE INSTRUMENTS: *Independent Commission Against Corruption Act 1988*
Work Health and Safety Act 2011

RELATED POLICIES, PLANS AND PROCEDURES: Risk Management – Principles and Guidelines
– AS/NZ ISO 31000:2018
Work Health and Safety Policy
Emergency Response Policy
Business Continuity Management Plans
Enterprise Risk Management Strategy

RESPONSIBLE DIRECTOR: Director Customer and Corporate Strategy.

APPROVAL: Council

HISTORY:

Version	Approved by	Changes made	Date	EDMS Number
1	Council	New	12/09/2017	17/305512
2	ELG	Minor amendments only	02/05/2019	17/305512

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