



Risk Management Policy

POLICY OBJECTIVE

This policy establishes the commitment of Goulburn Mulwaree Council (Council) to provide effective Risk Management culture and activities, and governance practices to support the delivery of its functions and activities.

LEGISLATIVE PROVISIONS

- *Local Government Act 1993*
- *Local Government (General) Regulation 2005*
- Guidelines for Risk Management and Internal Audit for Local Government in NSW, NSW Office of Local Government
- AS ISO 31000:2018 Risk management – Guidelines
- ISO Guide 73:2009 Risk management – Vocabulary
- ISO 31010:2009 Risk management – Risk assessment techniques.

SCOPE

This policy applies to all areas of Council operations and includes all Executives, staff, contractors and volunteers undertaking any function for, or on behalf of, Council.

This Policy is one component of a broader Risk Management Framework that also includes the Risk Management Plan and Risk Management Procedure.

POLICY STATEMENT

Council recognises that the purpose of risk management is the creation and protection of value and is committed to managing risk to improve performance, encourage innovation and support the achievement of objectives. This understanding is reflected in the following characteristics adopted by Council:

- Risk management practices encompass the entire organisation, creating connections to avoid silos.
- Risk management strategies address the full spectrum of risks and are appropriately scaled to reflect situational context and complexity.
- Risk management approaches encompass risk scenarios and the interaction of multiple risks rather than considering single events.
- Risk management practices are integrated into business culture and procedures to ensure that strategy and decision-making evolve from a risk informed process.
- Risk management philosophy focuses on acceptable risk action rather than on risk avoidance.

Council is committed to managing risk within Council's risk appetite by identifying, analysing, evaluating and treating exposures that may impact on Council achieving its objectives and/or the continued efficiency and effectiveness of its operations.

Council will incorporate risk management into its planning and decision-making processes and subsequently into its business execution.

Council's risk management process will be aligned to relevant standards and best practice in a manner that aligns with the organisations' culture and maturity.

Council staff will implement and embed the risk management process into Council's business practices to reinforce their decision-making responsibilities and accountability.

Council is committed to ensuring that all staff, particularly those with management, advisory and decision-making responsibilities obtain a sound understanding of risk management principles and the requisite skills to implement risk management effectively.

Council will regularly monitor and review the status of its risk culture throughout the organisation as a basis for continuous improvement.

Policy Background and Context

For any organisation, risks exist in all aspects of its strategies, goals, objectives, undertakings and/or operations. ISO 31000 defines risk as the '*effect of uncertainty on objectives*'. This effect can be a positive or negative deviation from expected pathways or outcomes.

The effective implementation of a Risk Management Policy, as a part of a broader Risk Management Framework, will ensure that the management of risk is seen as the normal operating standard for good decision-making. This will facilitate confidence in understanding:

- which risks to take/accept for the benefit of Council ,
- which risks to avoid to prevent adverse impact on Council , and
- how to manage the most risk effective path towards achieving *Council* 's strategic goals.

To achieve strategic objectives, it is essential that Council manages the threats and opportunities associated to those objectives. This in turn will see Council recognised for the excellence of its services and for the strength of its partnerships with the Goulburn Mulwaree Community, customers, employees and stakeholders. Consequently, Risk Management must be championed from the CEO, overseen by the Audit, Risk and Improvement Committee, implemented by the Executive Management Team, and actioned in all operations at all times by Management.

Accountabilities and Responsibilities

The roles and responsibilities for Risk Management at Council are specified in this policy, committee charters and individual position descriptions.

| Position | Accountabilities and Responsibilities |
|--|--|
| Mayor and Councillors | <ul style="list-style-type: none"> • Accountable for the oversight of Risk Management • In consultation with the Executive Management Team and the Audit, Risk and Improvement Committee (ARIC), the Mayor and Councillors will: <ul style="list-style-type: none"> – Endorse Council 's appetite for taking and/or retaining risk – Set Council's strategy with consideration of the risk appetite and the threats and opportunities to Council from that strategy. – Set the strategic goals required to achieve the strategy and clearly articulate the critical success factors in achieving those strategic goals. – Articulates, the strategic risks (threat and opportunity) to Council from the objectives and strategy. • Require the Executive Management Team to actively manage strategic risks and report frequently on their status. • Recognise their responsibilities for making informed decisions that take into consideration the associated risks and opportunities. • Actively support the implementation of the Risk Management Policy and Plan. |
| Audit, Risk and Improvement (ARIC) Committee | <ul style="list-style-type: none"> • Independent review and oversight of Council's governance, risk management and control activities. • Accountable for the oversight of Risk Management • Requires the periodic review of Council's strategic and other significant operational and project risks to ensure appropriate risk treatment/controls have been implemented and maintain effectiveness. <p>Endorse and monitor a comprehensive risk based cyclical strategic audit plan</p> |
| Internal Audit | <ul style="list-style-type: none"> • Risk assurance to the ARIC and CEO through execution of the annual internal audit plan. |
| Chief Executive Officer | <ul style="list-style-type: none"> • Overall accountability for Council 's management of its risks • Accountable for the establishment of the Enterprise Risk Management system in Council and leads the conversation about risk – Council 's chief 'Risk Champion' • Setting the tone, culture and expectations for risk management and governance activities, and assigns appropriate responsibilities to the Executive Management Team • Ensures adequacy of resources for risk management activities and sets appropriate delegations for risk management activities • Establishes performance measures for the strategic goals' critical success factors and drives the Council's Risk Management objectives. |

| Position | Accountabilities and Responsibilities |
|---------------------------|--|
| Executive Management Team | <ul style="list-style-type: none"> • Accountable for ownership and management of risks in their respective directorate • Creates an environment where managing risk is an accepted and expected part of the normal operations. • Accountable for the effective implementation and continual improvement of the Risk Management Plan. • Implements monitoring and management of relevant performance measures for strategic goal's critical success factors within their area of responsibility. • Ensures that strategic and significant risks are reported in accordance with the ERM reporting requirements. • Recommends recurrent and discretionary allocation of funding to the broader Executive Management Team, for the purpose of managing risks identified as priority in accordance with the Risk Management Plan. • Ensuring operational risk management plans that identify, assess and manage key risks within their Directorates are developed and implemented. |
| Business Managers | <ul style="list-style-type: none"> • Accountable for managing risk within their area of responsibility, including monitoring and managing measures for the strategic goals' critical success factors. • Ensures that employees and relevant stakeholders apply the appropriate risk management tools and templates in the correct manner. • Are responsible for providing assistance and advice to staff in relation to the management of risks but not to take on the responsibility of another individual. • Monitor the respective operational risk profile assessments, determine and ensure implementation of control measures for risks identified, and escalate any significant risks to management in accordance with the risk management protocols. • Responsible Contract/Project Managers are to ensure risks associated with the engagement of contractors are appropriately identified and managed. • Responsible Contract/Project Managers are to ensure the responsibilities and accountabilities vested in the contractor are clearly documented and communicated to the Contractor. |

| Position | Accountabilities and Responsibilities |
|--|---|
| All Staff, Volunteers And Contractors | <ul style="list-style-type: none"> • Applying sound risk management practices in accordance with Council policies and frameworks. • Perform duties in a manner which is within an acceptable level of risk to their own health and safety, other employees, volunteers, Council's customers or the community in general. • Immediately report risk exposures and losses to supervisors and where possible act to minimise any further loss. • Be responsible for effective risk management practices and ensuring that managers are informed of risks associated with Council's activities. |

RELATED DOCUMENTS

This policy is the foundation document in the Enterprise Risk Management Framework and should be read in conjunction with the following:

- Risk Management Plan
- Risk Management Procedure
- Risk Management tools, systems and reports
- Audit, Risk and Improvement Committee Charter

| Version | Council Meeting Date | Resolution | Adoption Date | Effective From |
|--|----------------------|------------|-----------------|-----------------|
| 1 | 19 July 2022 | 2022/240 | 19 July 2022 | 16 August 2022 |
| 2 | 15 August 2023 | 2023/179 | | |
| 3 | 17 October 2023 | 2023/254 | 17 October 2023 | 17 October 2023 |
| All policies can be reviewed or revoked by resolution of Council at any time. | | | | |

DIRECTORATE: Executive Services

BUSINESS UNIT: Governance