# Risk Management Policy

*Responsible Officer: Group Manager People and Performance (Helen McNeil)*

**Recommendations**

That Council:

1. Revoke the Risk Management policy dated 17 February 2021 (Attachment 1) and any other policies revived as a result of the revocation; and

2. Approve the revised policy of the same name outlined in and attached to this report.

**Background**

Council's policies are continually reviewed for suitability and currency to promote and deliver against Council's commitment to continuous improvement and legislative compliance.

The Risk Management policy outlined below was reviewed as part of the ordinary review cycle and due to recent legislative changes necessitating the making of amendments.

**Key Policy Changes**

Changes to the *Enterprise Risk Management Framework and Internal Audit function* prescribed under the *Local Government (General) Regulation 2021* are due to come into effect in July 2024. As a result of those changes, Council will be required to manage its strategic and operational risks and implement a risk management framework that is consistent with the current Australian risk management standard, as appropriate for council's risks.

AS ISO 31000:2018 requires a council's approach to risk management to be based on the following eight specific principles to ensure it is effective:

1. *Integrated* – risk management is integrated into all council activities and decision-making processes

2. *Structured and comprehensive* – risk management is a structured and comprehensive process that achieves consistent and comparable results

3. *Customised* – the risk management framework and process are customised to the council

4. *Inclusive* – risk management is inclusive of all stakeholders and enables their knowledge, views, and perceptions to be considered

5. *Dynamic* – risk management is dynamic and able to respond to changes and events in an appropriate and timely manner

6. *Best available information* – risk management decisions are based on the best available information and consider any limitations and uncertainties

7. *Human and cultural factors* – risk management considers human and cultural factors, and

8. *Continual improvement* – risk management is continuously and periodically evaluated and improved through learning and experience

The Office of Local Government (OLG) has provided a risk management policy template which was adopted as part of the revised policy development to simplify the approach to implementing an Enterprise Risk Management (ERM) Framework while meeting the above principles.

The addition of a Business Objective Statement and Risk Appetite have also been included in the final version of the proposed policy. This is aimed to set the tone for the ERM Framework and

provide a strategic direction for risk management which is easy to understand for all stakeholders at council.

### Finance

No financial impact was determined during the revision of the Risk Management policy. The benefits of the revised policy intent support council's financial decision making in line with principles 1, 3 and 6 listed above.

### Legal

The revised Risk Management policy is not required to be placed on public exhibition prior to being adopted and was tabled internally across the organisation prior to being submitted for adoption.

### Consultation

The revised policy was prepared by the Governance and Risk team.

Targeted feedback was sought from across the council through a purpose-built team called the Risky Working Group and the Leadership team. This was to ensure the proposed policy principles were practical and could be applied at council's operational, strategic and compliance levels.

On the 20th of March the draft Risk Management policy was reviewed at the Council Workshop. A discussion on the risk response based on the appetite when assessing an activity ensued. The response was presented as a step-by-step process whereby the assessor would begin with checking if transferring a risk was possible followed by acceptance then avoidance and lastly mitigation. The result of this discussion prompted a second review on how the risk appetite could be practically applied across the council in a way that suits all staff. A linear approach was devised and presented to the Risky Working group shortly thereafter.

The Risky Working group endorsed the linear approach so that the individual, team, or group could choose any of these four aspects as appropriate responses individually or in combination with each other.

This feedback has been incorporated into the revised Risk Management policy.

### Conclusion

The Risk Management policy has been reviewed and updated to ensure alignment with legislative and regulatory requirements and Council objectives. The existing policy of the same name is recommended for revocation and the revised policy recommended for adoption/re-adoption by Council.

### Attachments
1. Risk Management Policy (**to revoke**)
2. Revised Risk Management policy (**for adoption**)