

Policy



Risk management

Approved by Council: 17/02/2021

To articulate, at a high level, the ways in which Rous County Council manages risk across its operations and meets requirements under the Risk Management and Internal Audit Framework for local councils in NSW¹.

Safety

Teamwork

Accountability

Respect

Background

This policy is developed using the NSW Treasury Risk Management Toolkit (the Toolkit) for the NSW Public Sector, which has been recommended for use by the NSW Office of Local Government. The Toolkit is a comprehensive guide to the international risk management standard AS ISO31000 and is designed to support the public sector to develop effective and integrated risk management frameworks and processes.

In 2016, the NSW Government made it a requirement under the *Local Government Amendment (Governance and Planning) Act 1993* that councils have an Audit, Risk and Improvement Committee. This requirement is due to take effect from March 2022. Councils are also required to proactively manage any risks they face under the new guiding principles of the Act.

The NSW Government is consulting on the proposed regulatory framework that will support the operation of these committees, and the establishment of a risk management framework and internal audit function within councils. As such, the policy will be revised as and when the new regulatory framework comes into effect.

Policy statement

Council has a risk management framework modelled on the Australian Risk Management Standard AS ISO 31000:2018. It satisfies [Core requirement 2](#) of the proposed Risk Management and Internal Audit Framework for local councils in NSW².

Council's Risk Management Strategy aims to ensure that risk is managed effectively. This means:

1. Embedding risk management in all organisational activities
 - We need to confirm Council has mechanisms in place to manage risk at all levels of operations.
2. Developing a common understanding of our risks and their management
 - We need to ensure that our approach to managing risk is consistently applied across Council. This requires:
 - An approach that meets the needs of our organisation
 - Strong leadership at all levels
 - Effective communication about risk

¹ This framework is still to be finalised by the NSW Office of Local Government.

² Core requirement 2 is due to be met in 2024.

3. Measuring controls and monitor our risks
 - We need to ensure that our process for managing risk is clearly defined, repeatable and based on appropriate information.
4. Continuously improve risk management practices
 - We need to acknowledge the level of risk management maturity that is current in the Council and understand the level of work required to improve that.

Staff will implement the Risk Management Strategy through a risk management plan (Appendix A) which will be revised annually as well as when significant new risks emerge or due to legislation changes.

Risk Appetite Statement

Council has zero tolerance for death or serious injury and therefore has in place a Work Health and Safety Management System that meets Safe Work Australia and international standards.

Council has zero tolerance for fraud and corruption and subjects our systems and processes to both internal and external audits on a regular basis. Council also promotes the use of confidential reporting services outside the organisation.

Council has a low appetite for risks to its operations and uses an annual risk management plan to evidence and measure the implementation of the Risk Management Strategy.

Council has a positive appetite for innovation across all areas of Council operations. It is accepted that there is a risk when seeking solutions to improve both efficiency and effectiveness of operations in a time of increasing cost pressures and regulation.

Responsibilities

- Councillors

Ensure sufficient resourcing to implement appropriate and effective risk management.

Regularly review and provide feedback on risk management reporting that is supplied via the Audit Risk and Improvement Committee.

- Audit Risk and Improvement Committee

Assist the governing body to fulfil its organisational governance responsibilities through oversight and assurance activities with key support provided by Council's Internal Audit function.

- General Manager

Embed a positive risk management culture across and throughout the organization, promoting and supporting the roll-out of Council's annual risk management plan. Confirm in each annual report whether Council has complied with all requirements of the endorsed Risk Management Plan.

- Group Managers

Manage risks across operational areas they oversee. Support the roll out of the Risk Management Plan and ensure staff have the training and resources they need to identify, assess, and report on risks in their work areas.

- Staff

Abide by Council policies and procedures and proactively provide feedback on effectiveness and suggestions for improvements.

- Contractors and section 355 volunteers

Abide by Council policies and procedures while performing services e.g., Code of Conduct and Work Health and Safety procedures.

Contact Officer

Enterprise Risk Manager

Related documents

Policies

Code of Conduct

Fraud and Corruption Control policy

Procurement policy

Legislation

Local Government Act 1993 (NSW)

Other

Business Continuity Plan

Emergency Management Manual and Response Plans

Risk Management procedure

Work Health and Safety Management System

<i>Office use only</i>		Next review date: 2022	
Version	Purpose and description	Date adopted by Council	Resolution no.
1.0	To articulate, at a high level, the ways in which Rous County Council manages risk across its operations and meets requirements under the Risk Management and Internal Audit Framework for local councils in NSW ³ .	17/02/2021	07/21

³ This framework is still to be finalised by the NSW Office of Local Government.

Annual Risk Management Plan

The Plan is an overview of the work we will do each year to embed and sustain a positive risk culture. It is also a point of reference for the General Manager and Audit Risk and Improvement Committee who will receive progress updates throughout the year.

Risk Management Plan 2021*	
Initiative	Task
Risk Management policy	<ul style="list-style-type: none"> - Ensure Council Risk Management Policy and Plan are appropriate for the operating environment. - Include a risk appetite statement in the Policy. - Review the Policy and Plan at least annually and revise as required for legislative changes.
Risk Management roles	<ul style="list-style-type: none"> - Review/revise position descriptions to ensure they reflect risk management roles. - Review/revise delegations to ensure they reflect risk management roles. - Review committee charters to ensure risk management responsibilities are clearly articulated.
Risk Leadership	<ul style="list-style-type: none"> - Ensure Group Managers and the Leadership Group become familiar with the Risk Management policy and Plan.
Risk Management guide	<ul style="list-style-type: none"> - Develop a risk management guide that explains Council risk management processes, including risk assessments. - Test the risk management process using feedback from staff, internal audit and project management risk assurance activities.
Cascade Risk Management process	<ul style="list-style-type: none"> - Create a Strategic Risk Register focused on Council's business objectives and use risk reporting from business groups to develop the register. - Undertake risk assessments of operational objectives for each Team / Group within Council. - Use risk assessments to inform the Internal Audit Plan. - Develop an agreed process for risk reporting at each level of Council management.
Risk Tolerance	<ul style="list-style-type: none"> - Develop risk tolerances during the risk assessment process for Groups.
Integrate Audit and Risk Management	<ul style="list-style-type: none"> - Clarify audit and risk management roles and responsibilities.
Context	<ul style="list-style-type: none"> - Identify legislative and compliance requirements. - Undertake environmental scans (internal and external) focusing on risks to Council operations using the Political. Economic. Social. Technological. Legal. Environmental methodology as a guide. Update the scans on an ongoing basis.

Risk Management Plan 2021*	
Initiative	Task
Risk culture	<ul style="list-style-type: none"> - Undertake an annual risk culture survey, including all staff. - Undertake a Risk Maturity Analysis twice a year and develop strategies to close any gaps using the NSW Internal Audit Office Risk Maturity assessment tool to self-assess.
Risk Management capability	<ul style="list-style-type: none"> - Undertake a risk management training needs analysis and target training as required.
Risk Management communications Plan	<ul style="list-style-type: none"> - Develop a risk management communications plan that includes reporting, risk assessment workshops, training, and internal communications. - Communicate our Councillors' and General Manager's commitment to risk management at regular intervals.

*An operational version of the Plan will be updated throughout the year and used for reporting and attestation purposes.