

## **1. Policy Statement**

The purpose of this Policy is to assist Council in its decision-making, performance, transparency and accountability by effectively managing both potential opportunities and adverse effects through the implementation of a structured and systematic approach to risk management.

Hinchinbrook Shire Council has developed its Enterprise Risk Management Framework based on the following key principles:

- Enterprise Risk Management practices should be effectively integrated into Council's decision-making, planning and performance reporting activities;
- Enterprise Risk Management is everyone's business, including Elected Members, and will be embedded into Council's organisational culture; and
- Enterprise Risk Management activities will be informed by, and consistent with, the AS/NZS ISO 31000 2018 Risk Management - Principles and Guidelines.

## **2. Scope**

This Policy applies to Council's operations, including administration, service delivery and performance. This Policy also applies to all Councillors, employees, contractors, consultants, suppliers and volunteers. Consideration of risks must occur at all levels of operation, in planning, service delivery, project management and is integral to both long term strategic planning and day to day operations.

## **3. Responsibility**

Council will adopt an Enterprise Risk Management Policy in accordance with appropriate standards; review reports from the Audit Committee and on an annual basis receive reports on strategic risk.

The Chief Executive Officer has overall guiding responsibility for Enterprise Risk Management Policy, communication and embedding of risk management principles into strategic and operational planning and performance management practices.

Each Director is responsible for ensuring ongoing review and implementation of the Enterprise Risk Management Policy, Strategy and Procedures.

The Director Corporate and Financial Services is responsible for the facilitation of the Enterprise Risk Management Policy, Strategy, and practices including training and awareness of staff with respect to risk management principles and organisational approach.

The Executive Management Team will create and sustain a high level of risk management performance for the organisation through providing strategic direction, building capacity and leading change through innovation. The Executive Management Team will work collaboratively and support each other in striving to assist individuals and the organisation to deliver a strong culture of risk management in making the Hinchinbrook Shire a better place.

The Director Corporate and Financial Services will champion risk management issues in Executive Management Team discussion. Directors and Managers are responsible for driving risk management accountability and culture in their areas of responsibility and ensuring that all foreseeable risks are identified and effectively managed. They are responsible to ensure appropriate data for effective monitoring and control of risks is available from their areas of responsibility to monitor risk management performance.

Each Manager is accountable for implementing the risk management practices in their area of responsibility. This includes ensuring that risks are identified, managed, reviewed and monitored effectively. It is the responsibility of all Council employees, contractors, volunteers and representatives to properly apply Council's risk management processes and procedures and to support the identification and improvement of risk management within the organisation.

The Audit Committee will provide governance oversight for the management of risk in accordance with the Audit Committee Charter. Risk management accountabilities are included in position descriptions, performance planning and business planning documentation.

#### 4. Definitions

In this Enterprise Risk Management Policy and in the Strategic Risk Register, the following terms shall have the corresponding meaning:

Risk	A risk to the business is any action or event that has the potential to impact on the achievement of our business objectives. Risk also arises as much from the possibility that opportunities will not be realised as it does from the possibility that threats will materialise or that errors will be made.
Risk Management	Risk management for Council refers to the culture, processes and structures developed to effectively manage potential opportunities and adverse effects for any activity, function or process undertaken by the Council. Managing risk is achieved through the systematic application of policies, procedures and practices to identify, analyse, evaluate, treat, monitor and communicate risk.
Enterprise Risk Management	Enterprise risk management encompasses all the major risk categories (including financial, environmental, health and safety, fraud, information technology, compliance, security and business continuity) and includes the coordination, integration, consolidation and consistency of reporting by the various Council functions with identified risks.
Strategic Risk Register	A list of identified and assessed risks directly related to either a particular directorate or to the whole of Council. Risk Registers can either be Corporate, Operational or other project risk register.
Likelihood	The word likelihood is used to refer to the chance of something happening, whether defined, measured or determined objectively or subjectively (probability or frequency).
Cause	Something that brings about an effect or a result
Consequence	The outcome of an event affecting objectives (impact). An event can lead to a range of consequences. A consequence can be certain or uncertain and can have a positive or negative effect on objectives. Consequences can be expressed qualitatively or quantitatively.
Risk Owner	The person with the accountability and authority to manage a risk.
Risk Treatment	The process to modify existing risks or create new risks.
Risk Treatment Action Plans	The document that outlines the steps to be taken to reduce unacceptable risks to achievable and acceptable levels. This includes details on current controls; required risk treatments; improvement opportunities; resources; timing; reporting and accountabilities.
Risk Appetite	Amount and type of risk that an organisation is willing to pursue or retain.
Residual Risk	The residual risk is the amount of risk or danger associated with an action or event remaining after natural or inherent risks have been reduced by risk controls.
Essential Services	Basic public needs, such as water, sewerage, cleansing, and road infrastructure or necessary social services such as disaster management and Council delivered public health.



## 5. Policy

Risk Management at Council will be practiced throughout the organisation in accordance with the principles outlined in AS/NZS 4360:2004 Risk Management Standard and monitored by the Audit Committee.

Council will identify and progressively address all threats and opportunities associated with:

- a. The provision of a safe and healthy operating environment for all employees, the general public and other stakeholders involved with the provision and use of Council services;
- b. The prudent management of Council property and resources on behalf of ratepayers;
- c. Council will adopt a consistent approach to the management of risk, where:
  - Significant projects, capital investment decisions and changes are subject to a risk assessment;
  - All events and new initiatives conducted under the Council's auspices will be subject to a potential problem analysis;
  - All staff members continuously assess and manage the risks associated with normal organisational activities, ensuring their immediate Team Leader, Coordinator or Manager are made aware of risks that they cannot manage;
  - All Council's operating assets will be safeguarded by a Business Continuity Plan;
  - All project events and initiatives will be reviewed upon completion to update Council's strategies or procedures;
  - There are periodic reviews of the risks that each department is exposed to, and the control systems required; and
  - There is a balance between the costs of managing a risk and the anticipated benefits.

## 6. Controls

The Council's Audit Committee is to review this Policy and its accompanying Strategic Risk Management Register annually. Suggested revisions are to be considered by Council's Executive Management Team for approval. As part of the normal Audit program, Internal Audit will monitor the implementation of this Policy and report risk management issues to the Chief Executive Officer and the Audit Committee.

## 7. Risk Appetite

Council provides an extensive and diverse range of services. In providing these services Council accepts and takes on a level of risk. However, as a public authority Council has a predisposition towards a naturally conservative attitude towards risk. The level of acceptable risk is assessed and determined on a case by case basis. Council has a low tolerance for any risk that:

- affects the financial sustainability of Council;
- arises from non-compliance of legislation resulting in litigation;
- impacts negatively on the environment resulting in long-term or irreparable environmental damage;
- compromises employee or public safety; or
- disrupts the ongoing delivery of essential Council services.




## 8. Legal Parameters

Local Government Act 2009;  
 Local Government Regulation 2012;  
 Work Health and Safety Act 2011; and  
 Work Health and Safety Regulation 2011.

## 9. Associated Documents

Hinchinbrook Shire Council Fraud and Corruption Prevention Policy;  
 Hinchinbrook Shire Council Health and Safety Policy;  
 Hinchinbrook Shire Council Strategic Risk Register; and  
 Risk Appetite Statement.

DOCUMENT HISTORY AND STATUS				
Action	Name	Position	Signed	Date
Approved by Council	Alan Rayment	CEO		27/03/2019
Policy Version	1	<b>Initial Version Adopted</b>	27/03/2020	<b>Current Version Adopted</b>
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