Enterprise Risk Management Policy

Policy Owner/Responsible Officer	Enterprise Risk Management Coordinator
Department	People and Performance
Date endorsed	18 June 2024
Resolution Number	24/185OC
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Contents

Policy Statement/Objectives

The purpose of this Policy is to express Kiama Municipal Council's commitment to implementing organisation-wide risk management principles, systems and processes that ensure consistent, efficient and effective assessment of all risks in all Kiama Municipal Council's planning, decision making and operational processes.

The objectives of this Policy are to:

- To provide a framework for the management of risk to support the achievement of corporate objectives, to protect employees and business assets and to ensure regulatory compliance and financial sustainability, while minimising the risk of fraud and corruption.

- To provide a reference for Council, Executive Leadership team and Management to make informed business decisions based on risk assessment methodology in line with AS/NZS ISO 31000:2018.

RESPECT · INTEGRITY · INNOVATION · TEAMWORK · EXCELLENCE ·

Scope

This Policy applies to Councillors, all Council employees, contractors and volunteers of Council. It applies to all Council business, activities and processes.

References

This Policy should be read in conjunction with the following:

- Local Government Act 1993
- AS/NZS ISO 31000:2018 – Risk Management - Guidelines
- Council's Enterprise Risk Management Framework
- Council's Risk Management Procedures

Consultations

- Guidelines for Risk Management
- Internal Audit for Local Government in NSW (2022)

Definitions

Term	Definition
ARIC	Audit, Risk and Improvement Committee – an advisory committee to Council made up of three (3) independent external members and one (non-voting) Councillor
Councillors	Elected Councillors
Employees	All Council employees, contractors and volunteers of Council.
ELT	Executive Leadership Team – comprising the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Directors.
Risk	Risk is the effect of uncertainty on objectives, where an effect is a deviation from the expected. It can be positive, negative, or both, and can address, create or result in opportunities and threats.
Risk appetite	Risk appetite is the amount of risk, at a broad level, that Council is willing to accept in pursuit of its strategic objectives.
Risk management	Risk management is the coordinated activities to direct and control an organisation with regard to risk

Variation and review

Council reserves the right to review, vary or revoke this Policy.

Review History

Date reviewed	Date adopted/ endorsed	Brief detail of amendments
N/A	14 March 2014	New Policy adopted
April 2018	April 2018	Policy reviewed
May 2021	May 2021	Policy reviewed
May 2024	18 June 2024	Policy placed on new template; risk appetite purpose and objectives refined; responsibilities and accountabilities amended; and Framework content updated.

POLICY

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

1.   Risk Management Framework

1.1.   Kiama Municipal Council (Council) is committed to maintaining an effective, efficient and tailored risk management framework that protects the organisation from harm by addressing potential risks and creates opportunities to improve business performance by proactively managing risks.

1.2.   The Framework consists of:

   a)   This Policy;

   b)   Enterprise Risk Management Framework;

   c)   Assurance and attestation from the Audit, Risk and Improvement Committee;

   d)   Internal and external audit;

   e)   Strategic and Operational Risk Registers and reviews;

   f)   Insurance program for transferrable risk;

   g)   Incident reporting, escalation and trend analysis; and

   h)   Supporting policies and processes.

1.3.   The Framework enables:

   a)   Three lines of defence to: own and manage risk in daily activities; oversee risk management compliance and evaluating effectiveness by independent assurance.

   b)   A formal, structured approach to risk management that is appropriate to Council's operating environment allowing risk-based decision making

   c)   A risk management approach consistent with the principles of AS/NZS ISO 31000:2018 Risk Management – Guidelines.

2. Risk appetite

2.1. 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 for unmitigated risks across all its operations.

2.2. Whilst Council will take all reasonable steps to control such risks, it is recognised that Council has limited resources and may not always be able to mitigate risk to the lowest possible level. Council acknowledges that it will have to take some calculated risks to achieve strategic objectives.

2.3. Council's Risk Rating Matrix, is used to classify risks as minor, moderate, significant or extreme. Factors that may influence the risk levels are determined to assess the impact and the likelihood of the risks.

2.4. Council has little or no appetite for known and avoidable risks that might have been assessed as having a significant or extreme rating with respect to financial, reputational, regulatory, safety, environmental, service disruption or strategic objectives of Council.

3. Implementing risk management

3.1. Council will implement risk management by making the strategy operational through all the measures listed:

- a) align risk management processes to existing planning and operational processes;
- b) allocate sufficient funding and resources to risk management activities;
- c) provide employees with appropriate training in risk management principles;
- d) assign clear responsibilities to employees at all levels for managing risk;
- e) embed key controls to manage risks into business processes;
- f) establish appropriate mechanisms for measuring and reporting risk management performance;
- g) communicate risk management policies, plans and issues to employees and other stakeholders;
- h) take human and cultural factors into account; and
- i) is dynamic, iterative and facilitates continual improvement.

4. Responsibilities and accountabilities

Council aims to create a positive risk management culture where risk management is integrated into all everyday activities and managing risks is an integral part of governance, good management practice and decision-making. It is the responsibility of every employee and business area to observe and implement this Policy and Council's Risk Management Framework.

4.1. Council

The Council is the governing body that has a strategic leadership role under section 223 of the *Local Government Act 1993* (LG Act), and the governing body is responsible for establishing the foundational elements of the Council's Risk Management Framework and setting the tone at the top.

4.2. The Chief Executive Officer

The Chief Executive Officer (CEO), under section 335 of the LG Act has ultimate responsibility and accountability for risk management in the Council.

With the assistance of the Executive Leadership Team (ELT), is responsible for leading the development of an enterprise risk management culture across the organisation and ensuring that the Enterprise Risk Management Policy and Framework are being effectively implemented.

4.3. Managers

Managers are responsible for:

- a) ensuring all employees manage their risks within their own work areas. Risks should be anticipated, and reasonable protective measures taken;
- b) encouraging openness and honesty in the reporting and escalation of risks;
- c) ensuring all employees have the appropriate capability to perform their risk management roles;
- d) reporting to the CEO on the status of risks and controls; and
- e) identifying and communicating improvements in Council's risk management function.

4.4. Enterprise Risk Management Coordinator

The Enterprise Risk Management Coordinator is responsible for coordinating the processes for risk management throughout the organisation within available resources. This may include the provision of advice and service assistance to all area on risk management matters. As members of CivicRisk Mutual, risk management assistance is generally sought from the Mutual and their service providers.

4.5. Employees

All employees are responsible for identifying and managing risk within their work areas. Key responsibilities include:

- a) being familiar with, and understanding the principles of risk management;
- b) complying with all policies, procedures and practices relating to risk management;
- c) understand the risks that exist within their work area, and alert their manager to any new risks; and
- d) performing any risk management activities assigned to them as part of their daily role.

4.6. Council's Audit, Risk and Improvement Committee

Council's Audit, Risk and Improvement Committee is responsible for providing independent assurance to Council by monitoring, reviewing and providing advice about governance processes, compliance, risk management and control frameworks, external accountability obligations and overall performance.

5. Monitoring and review

5.1. Council is committed to continually improving its ability to manage risk. This Policy and its Risk Management Framework will be reviewed annually to ensure it continues to meet the requirements of the *Local Government Act 1993* and Council's requirements.

Related Forms/Documents

- Nil

Attachments

Nil	

Authorisation

Name: Council Resolution No: 24/185OC

Date: 18 June 2024