

Corporate Risk Management Policy

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Review Frequency	4 yearly or as required
Status	Statutory Policy
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Responsible Division	Corporate – Governance and Communications
Related Documents	AS ISO 31000:2018 Risk Management Guidelines Local Government Association: Financial Sustainability Information Papers: - No. 3 – Audit and risk committees - No. 22 – Understanding Risk Management Local Government Association Mutual Liability Scheme (LGAMLS) Scheme Rules (gazetted July 2020) Risk Management Framework Audit and Risk Committee – Terms of Reference
Applicable Legislation	Local Government Act 1999 , s134(4)(b) Local Government (Financial Management) Regulations 2011 Work Health and Safety Act 2012 Civil Liability Act 1936 State Records Act 1997

1. Purpose

- 1.1 The purpose of the Corporate Risk Management Policy (the **Policy**) is to enable an integrated and systematic approach to risk management by:
- Articulating Council's commitment to core risk management principles;
 - Supporting the implementation and maintenance of a Corporate Risk Management Framework (the **Framework**) that comprises the tools, processes, and system that underpin the organisation's corporate risk management approach.

2. Scope

- 2.1 The Policy applies to every person / entity of Council that has a responsibility for corporate risk management as set out in Roles and Responsibilities in clause 6 below.
- 2.2 The Policy sits alongside and complements, but not replace, the roles and responsibilities (including legislative) that persons / entities have for the management of risk in all of its forms. For example, Council has a Work Health and Safety (WHS) Management System that is specifically designed to manage work health and safety risks. As such the requirements of the WHS Management System are not negated by or subordinated to this Policy or the underlying Framework.

3. Policy Statement

- 3.1 Council is committed to maintaining robust and integrated governance arrangements that assures stakeholders that Council is pursuing its community vision of being '*Liveable. Green. Connected.*' and fulfilling its responsibilities with due diligence and accountability.
- 3.2 A fundamental component of these governance arrangements is the effective management of the Council's risks in order to provide greater certainty and security for all its stakeholders. In doing so, Council will be better informed, more decisive, and function with increased confidence to achieve its objectives.
- 3.3 Council will be guided in the development and management of its Corporate Risk Management System by the internal risk management standard ISO31000:2018 and other guidance produced by professional risk management organisations.
- 3.4 The management of risk will be integrated into governance and leadership structures, including decision-making at all levels.
- 3.5 Council is committed to developing and maintaining structured and comprehensive risk management processes that are dynamic and based on best available information.
- 3.6 Engagement with Council employees and stakeholders is integral to the success of risk management processes and, as such, structures to facilitate consultation and communication will be developed and maintained.
- 3.7 Council will monitor and review its strategic and operational risks and apply learnings to continually improve efficiency and effectiveness.

4 Legislative requirement and policy context

- 4.1 Section 99(1)(ia) of the *Local Government Act 1999* (the **Act**) requires the Chief Executive Officer to ensure that effective policies, systems and processes are established and maintained for the identification, assessment, monitoring, management and annual review of strategic, financial and operational risks.
- 4.2 Section 125 of the Act requires Council to ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the organisation to carry out its activities in an efficient and orderly manner to achieve its objectives.
- 4.3 Section 126(4)(h) of the Act requires the council audit and risk committee to review and evaluate the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis.
- 4.4 Section 132A of the Act requires Council to ensure that appropriate policies, practices and procedures are implemented and maintained in order to ensure compliance with statutory requirements and achieve and maintain standards of good public administration.
- 4.5 As a member of the Local Government Association Mutual Liability Scheme, Council is bound by the Scheme Rules, which include an obligation to ensure that adequate risk management and prevention strategies are put in place so as to absolutely minimise the risk of any incident, circumstance or matter that may give rise to a claim.

5 Definitions

Consequence	The outcome of an event expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.
Control	Are systems, processes, guidance, structures and other arrangements that modify risks and increases the likelihood that objectives and goals of an organisation will be achieved.
Frequency	A measure of the rate of occurrence of an event expressed as the number of occurrences of their event in a given time.
Likelihood	Chance of something happening.
New and emerging risk	Operational risks that are newly identified or developing over time due to changing circumstances, trends, technologies, legislation, community expectations, or operating conditions, and which may have an uncertain likelihood, consequence, or control environment.
Residual risk rating	A residual risk rating is the level of risk remaining after existing controls and treatments have been implemented and assessed for their effectiveness in reducing the likelihood and/or consequence of the risk.
Risk appetite	Is the amount of risk an organisation is prepared to accept in pursuit of its objectives.
Risk assessment	An overall process of risk identification, risk analysis and risk evaluation.
Risk culture	Risk culture refers to the behaviours that lead to how every person thinks about and manages risks.
Risk owner	Employee with the accountability and authority to manage a risk.
Risk	The standard for Risk Management Guidelines (AS ISO 31000:2018) describes risk as “... <i>the effect of uncertainty (either positive, negative or both) on objectives...</i> ”.
Senior Leadership Team	Membership of the Senior Leadership Team is Managers, Group Manager Regional Development, Consultant Chief Information Officer, Chief Financial Officer, General Managers and the Chief Executive Officer.
Strategic Team	Membership of the Strategic Team is the Chief Executive Officer, General Manager Community, General Manager Corporate, General Manager Infrastructure, Chief Financial Officer, Group Manager Regional Development, and Manager Governance and Communications.
Tolerance	The acceptable variation in outcomes related to specific performance measures linked to objectives the organisation seeks to achieve.
Employee	Any person employed or engaged by Council, or who carries out work for or on behalf of Council, in any capacity. This includes people employed directly by Council on a full-time, part-time, casual, permanent, fixed-term, temporary or contractual basis, as well as apprentices, trainees, secondees, volunteers, work experience students, contractors, subcontractors, employees of contractors or subcontractors, labour hire workers, consultants, other authorised personnel, and any other person

providing services to, or on behalf of, Council, whether or not they are employed by another party.

Council Officer An employee who is authorised by Council to perform a function, exercise a delegation or make a decision under this policy.

6 Roles and responsibilities

6.1 The Council (Elected Body) is responsible to:

- a) Review and adopt the Corporate Risk Management Policy and Framework;
- b) Give adequate consideration to strategic risks when setting objectives and making decisions;
- c) Foster a culture that is consistent with Council's appetite and tolerance to risk;
- d) Ensuring the organisation has the structures and processes in place to support decision making and management of risk;
- e) Set an appropriate governance structure for risk management including Audit and Risk Committee, officer roles and delegations;
- f) Require the Chief Executive Officer to demonstrate that the framework for managing risk is effective and appropriate;
- g) Require the Chief Executive Officer to provide information to allow Council Members to understand the strategic risks that may have material impacts on achievement of the organisation's objectives;
- h) Consider recommendations from the Audit and Risk Committee relating to strategic risks, new and emerging risks or any other matter; and
- i) Consider recommendations from the Audit and Risk Committee regarding the Corporate Risk Management Policy and Framework.

6.2 The Audit and Risk Committee is responsible to:

- a) Review and evaluate the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic risks, and other matters on a regular basis;
- b) Recommend to Council to adopt the criteria contained within the Corporate Risk Management Policy and Framework;
- c) Monitor Council's responsiveness to recommendations for improvement based on previous audits and risk assessments, including those raised by internal and / or external auditors;
- d) Monitor strategic risks and new and emerging risks and on a quarterly basis; and
- e) Provide oversight of the planning and scoping of the internal audit work plan and review internal audit reports on at least a quarterly basis.

6.3 The Chief Executive Officer is responsible to:

- a) Ensure that effective policies, systems and procedures are established and maintained for the identification, assessment, monitoring, management and annual review of strategic and operational risks;
- b) Promote a strong risk management culture by providing firm and visible commitment to

risk management including ensuring appropriate accountability for the management of risk;

- c) Provide overall risk management leadership, upholding accountability and maintenance of a risk culture, embedded into decision making;
- d) Ensure that all employees have the necessary knowledge and skills to effectively fulfil their risk management responsibilities;
- e) Reporting on strategic risk and new and emerging risks to the Audit and Risk Committee in accordance with risk appetite, acceptance and escalation criteria, as required; and
- f) Providing advice to the Audit and Risk Committee and Council on risk management matters as considered appropriate.

6.4 Members of the Strategic Team are responsible to:

- a) Commitment to, and promotion of, this Policy and the Framework;
- b) Monitor the organisation's overall risk profile and mitigation strategies;
- c) Ensure that risk management is embedded into all plans, functions and activities within their line management responsibility;
- d) Regularly review strategic and operational risks for which they have ownership or line management responsibility whilst maintaining an understanding of the environment in which the organisation operates, the risks it faces and the effectiveness of its controls;
- e) Ensure that risks for which they have ownership or line management responsibility are recorded on the risk register and that there is ongoing and regular review of the risk registers;
- f) Ensuring that employees and other relevant stakeholders have the appropriate skills to be actively involved in managing risk;
- g) Promote a proactive risk culture; and
- h) Ensure compliance with legislative and contractual obligations and policy requirements.

6.5 The Strategic Team, as an entity, is responsible to:

- a) Oversee compliance with risk management frameworks;
- b) Monitor strategic risks; and
- c) Receive and review Quarterly Strategic Risk Reports.

6.6 The Senior Leadership Team, as an entity, is responsible to:

- a) Receive and review Quarterly Strategic Risk Reports.

6.7 Managers are responsible to:

- a) Ensure that risk management is embedded into all plans, functions and activities within their line management responsibility;
- b) Regularly review operational risks for which they have ownership or line management responsibility whilst maintaining an understanding of the environment in which the organisation operates, the risks it faces and the effectiveness of its controls;
- c) Ensure that risks for which they have ownership or line management responsibility are recorded on the risk register and that there is ongoing and regular review of the risk register, (including follow up and close out of overdue risk treatments) in accordance with the requirements of the Framework; and

- d) Ensure that employees and other relevant stakeholders have the appropriate skills to be actively involved in managing risk.

6.8 The Governance and Risk Team are responsible to:

- a) Provide guidance and assistance to all persons / entities contained in this clause in relation to the application of the Policy and Framework;
- b) Maintain the risk registers, reporting and escalation to the Strategic Team or cascaded to council officers, and
- c) Maintaining this Policy and Framework to ensure their currency and relevance.

6.9 All Employees are responsible to:

- a) Understand the risk management processes that apply to their area of work; and
- b) Identify, evaluate, report and manage, (or escalate) risks relating to daily activities and projects.

7. Review and Report

7.1 Risks are reviewed and reported at the minimum frequency based on the risk type, noting risks can be reviewed at any time.

RISK TYPE	REVIEW	FREQUENCY	DECISION	REPORTING
Strategic	By Risk Owner (a member of the Strategic Team).	6 monthly – all risks Refreshed every 4 years	Council	Quarterly report with risk trends and analysis to Audit and Risk Committee with commentary to Council.
Operational Risks	By Risk Owner (a Manager).	6 monthly – Medium and High residual risk rating Quarterly – Extreme residual risk rating.	Chief Executive Officer	Quarterly report with risk trends and analysis to Senior Leadership Team and Strategic Team.
New and Emerging Risks	By Manager of function	Quarterly or escalated as required.	Chief Executive Officer	Information report only – movement on Strategic Risks to Audit and Risk Committee with commentary to Council.

8. Implementation and Supporting Documents

8.1 This Policy may be supported by procedures, guidelines, plans or tools that describe how the Policy is implemented in practice.

9. Review and Oversight

9.1 This Policy will be reviewed in accordance with Council's Policy and Procedure Framework and agreed review cycle.

10. Availability of Document

- 10.1 This Policy will be available for inspection on Council's website www.alexandrina.sa.gov.au. Copies can also be provided upon payment of a fee in accordance with Council's Schedule of Fees and Charges.