


Risk Management Policy

As at June 2021

	<h1>RISK MANAGEMENT POLICY</h1>		
RESPONSIBILITY	Executive Manager Administration		
DATE ADOPTED	June 2021	MINUTE	
REVISED	June 2023	REVIEW	
ECM No			
ASSOCIATED POLICIES	<ul style="list-style-type: none"> • Strathfield Council Code of Conduct • Strathfield Council Prevention of Fraud and Corrupt Conduct Plan • Strathfield Council Risk Management Strategy • Strathfield Council Risk Management Procedures • Strathfield Council Audit Risk and Improvement Committee Charter • Strathfield Council Business Continuity Sub-Plans • Strathfield Council Risk Register • Strathfield Council Enterprise Risk Management Framework <i>(Figure 1 attached)</i> 		
ASSOCIATED LEGISLATION	<ul style="list-style-type: none"> • <i>NSW Local Government Act 1993 & Regulations (General) 2005</i> • <i>NSW Civil Liability Act 2002</i> • <i>NSW Work Health & Safety Act 2011</i> 		
ASSOCIATED GUIDELINES	<ul style="list-style-type: none"> • Office of Local Government Internal Audit and Risk Management Framework • AS ISO 31000:2018 Risk Management Standard 		

1.0 Introduction

Strathfield Council recognises unmitigated risks can adversely impact our ability to achieve strategic and, operational objectives. Accordingly, we are committed to a holistic, consistent and systematic approach to risk management to ensure risks are identified, fully understood, adequately communicated, monitored and effective controls put in place to manage risks minimising risk.

1.1 Background and Purpose of Policy

The purpose of the policy is to affirm Council's commitment to:

- using risk management as a tool to effectively manage risk and assess opportunities as an integral part of planning and decision making and in the pursuit of our organisational objectives;
- manage identified risks and actively monitor the risk environment;
- establish clear guidelines to ensure that councillors and staff at all levels are aware of potential risks and of their individual responsibility for the effective management of those risks.

1.2 Objectives of the Policy

Council recognises and supports its accountability to its stakeholders, in particular its community for the stewardship of the community's resources. Council will adopt a structured and disciplined approach to risk management by developing and implementing cost effective measures to reduce litigation, claims and the cost of losses in accordance with International Standard AS/NZS ISO 31000-2018 and the principles of Enterprise Risk Management (ERM).

This policy aims to:

- provide Council's direction and commitment to ERM principles as part of Council's decision-making and the undertaking of operational activities;
- promote good governance by demonstrating transparent, accountable and responsible risk management processes aligned with accepted best practice standards and methods;
- promote a risk aware culture where all councillors and all staff assume accountability for managing risks;
- effectively integrate the management of risk into Council's high level management planning activities to ensure the achievement of its strategic objectives as outlined in our Community Strategic Plan and associated documents;
- create an environment of risk awareness where all Council employees assume responsibility for identifying and managing risk at all levels of the organisation;
- utilise relevant legislation, standards and accepted best practices to provide guidance in risk management;
- create a platform to assist Council ensure all reasonable foreseeable risks that could affect the achievement of Council's objectives are systematically identified, assessed, analysed, prioritised and dealt with in a standard and uniform manner.

1.3 Coverage of the Policy

The following is a broad overview of the roles and responsibilities for the management of risk within Council.

Council is ultimately responsible for adopting and committing to the ERM Policy, monitoring the strategic risk environment and considering risk management issues affecting strategic and Council decisions.

Senior management is responsible for ensuring the ERM Framework (attached in Figure 1) is effectively implemented and monitored within their areas of responsibility. They are also responsible for ensuring the creation and embedding of a risk-aware culture across the organisation and ensuring that appropriate training and resources are made available to assist staff in identifying, assessing and responding to risks.

All staff are responsible for adequately considering risks associated with decisions they make and to ensure they consistently apply the ERM Framework.

Audit, Risk and Improvement Committee is responsible for oversight of risk management in accordance with the Audit Risk and Improvement Committee Charter.

1.4 Scope

Risks exist in all aspects of Council's business. It is essential that all risks are managed to ensure that Council achieves its objectives; and is recognised for the excellence of its services; and for the strength of its partnerships with the community, customers, employees and stakeholders. ERM plays a key role in ensuring that Council achieves its objectives.

Risk for Council is likely to occur in three areas:

- **Strategic** risks that relate to high level functions and strategic objectives of Council;
- **Project** risks that relate to the strategic planning and those risks that arise from activities undertaken by Council during the implementation phase of the project delivery;
- **Operational** risks that arise directly from activities undertaken by Council.

1.5 Definitions

Council - Strathfield Council.

Council Officials - Councillors, members of the staff of Council, contractors and delegates of Council.

Enterprise Risk Management Framework - The set of components that provide the methodology, processes, definitions and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management as outlined in Figure 1.

Risk - The effect of uncertainty on objectives, where this effect can be positive or negative (AS ISO 31000:2018).

Risk Control - The systematic application of management policies, procedures, internal controls and practices to the tasks of Identifying, analysing, assessing, treating and monitoring risk within a comprehensive risk management framework.

Risk Owner – is the person with the accountability and authority to manage the risk.

Risk acceptance - an informed decision to accept the level of risk that will be carried by the organisation without further measures to mitigate or eliminate such risk.

Risk appetite - the level of risk that an organisation is prepared to accept before mitigation action is deemed to be necessary.

Risk assessment - the overall process of risk analysis and risk evaluation.

Risk management - the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.

Risk tolerance - the readiness to bear the risk (after risk treatment) in order to achieve objectives.

Risk treatment - Selection and implementation of appropriate options for dealing with risk.

Senior management - refers to the CEO, Deputy CEO, GM's, Directors and Executive Managers.

2.0 Policy Statement

2.1 Mandate and Commitment

Council is committed to the formal, systematic, structured and proactive management of risks across the organisation. Council recognises that whilst risk is inherent in all its activities, the management of risk is good business practice, creates value, is integral to sound corporate governance and in some instances, a mandatory legal requirement. Effective risk management can lead to better decision-making and planning as well as better identification of opportunities and threats.

Council acknowledges that at times it must undertake activities that inherently carry greater risks in pursuit of its vision and strategic objectives. This will necessitate that Council may accept risks that:

- facilitate change and improvement opportunities;
- generate additional sources of income, improve efficiency and seek savings;
- maintain and/or improve levels of services to the community;
- are proportionate with the potential reward.

Council recognises that its acceptance of risk will always be subject to ensuring the potential benefits and that risks are fully understood and sensible measures to manage the risks are established. The level of risk that is acceptable will be assessed and determined on a case-by-case basis and Council's risk appetite will be regularly reviewed, and updated as required.

2.2 Risk Appetite

Risk appetite is the amount and type of risk that Council is prepared to tolerate or accept in the pursuit of our objectives. It is expressed in the form of a risk appetite statement which covers a number of critical risk categories.

Council generally has no appetite for risks which are assessed as Extreme or Very High risks as defined in our *Risk Management Strategy*. In particular Council has no appetite for risks which will:

- have a significant negative impact on Council's long term financial sustainability, result in major breaches of legislative requirements and/or significant successful litigation against Council;
- compromise the safety and welfare of staff, councillors, contractors and/or members of the community;
- cause significant and irreparable damage to the environment;
- result in major disruption to the delivery of key Council services;
- result in widespread and sustained damage to Council's reputation;
- have a significant impact on Council's ability to recruit and retain staff.

Council provides a large and diverse range of services to a large and diverse population. In order to provide these services Council must accept and take some level of risk. Council therefore has a moderate appetite for risks which need to be taken in order to:

- i. improve efficiency, reduce costs and/or generate additional sources of income;
- ii. maintain and, where necessary, improve/deliver improved levels of service to the community.

3.0 Policy Review

This Policy is subject to regular review at a maximum interval of 2 years or within 12 months a new term of Council or as required by legislation or directives or guidelines issued by agencies including the NSW Ombudsman and the Office of Local Government.

4.0 Document History

Version #	Date	Details	Council Meeting Date
Draft	July 2020	Draft Risk Management Policy created	
V1.0	June 2021	Draft finalised and included in Policy Register	

Attachment 1:



Figure 1 – Strathfield Council Enterprise Risk Management Framework