

## Enterprise Risk Management Policy

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<b>MINUTE NUMBER</b>	856/2016
<b>DATE APPROVED</b>	17 November 2016
<b>EFFECTIVE</b>	17 November 2016
<b>AUTHORITY</b>	General Manager
<b>CONTACT OFFICER</b>	General Manager

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## 1 INTRODUCTION

This policy contains practical guidance detailing Forbes Shire Council's capacity to appropriately manage risk across the organisation as outlined in Council's Risk Management Framework. This document details Council's commitment to risk management, and is based on the risk management process in Australian Standard AS/NZS ISO31000:2009.

### 1.1 Background and Purpose of the Policy

Risk is inherent in all Council activities and this policy aims to provide a systematic process to identify, evaluate, treat, monitor and communicate risks associated with any activity, function or process of Council.

A risk is defined as:

- Any threat that can potentially prevent Council from meeting its objectives; or
- Any opportunity that is not being maximised by Council to meet its objectives.

A good Risk Management System will ensure that:

- A strong Risk Management Culture is developed across all areas of Council;
- Council creates an environment where risk and business practices are proactive rather than reactive;
- Risks are formally identified and documented;
- Risks are controlled to an acceptable level in accordance with Council's Risk Appetite;
- Risk Control Action Plans are created and monitored for each project or function of Council;
- There is documented evidence of the process and that Council has exercised its duty of care;
- Council minimises its exposure to legal, financial, governance, reputation, public liability, safety, property, environmental and political risks;
- Council implements good corporate business practices and ensures its legal compliance across the organisation.

### 1.2 Objectives of the Policy

This Risk Management Policy provides guidance to assist in the reduction of current and future risks that may impact on the operations of Forbes Shire Council, and best utilise opportunities that are identified.

Objectives:

- i. To successfully implement a risk management process for Council, in accordance with the Australian Standards AS/NZS ISO31000:2009;
- ii. To ensure proper corporate governance surrounding the risk management processes;
- iii. To ensure that Council's risk management complements and strengthens the Community Strategic Plan, the four (4) year Delivery Program and the annual Operational Plan;
- iv. To ensure Council's risk management processes link effectively with its Work Health and Safety Management System including Council's Work Health and Safety Strategic Plan;

- v. Appropriate training of staff and Councillors in the risk management process appropriate to the level of that position;
- vi. Ensure risk management culture and procedures are embedded in all of Council's processes and activities;
- vii. Develop an effective risk management recording and reporting system;
- viii. Ensure potential exposures for Council are analysed and reduced to an acceptable level;
- ix. Set priorities for competing demands and resources.

## 1.3 Coverage of the Policy

This policy applies to all Council Officers and Councillors of Forbes Shire Council.

## 1.4 Strategic Plan Link

This policy applies to all areas of Council's operations including fixed location assets, functions and activities and/or projects or programs being undertaken by Council.

## 2 POLICY STATEMENT

### 2.1 Policy Goal

To establish a Risk Management Framework and procedures which facilitate consideration to risk management actions across all of Council's operations.

### 2.2 Actions

To achieve Council's risk management objectives, a Risk Management Framework and Policy has been developed in accordance with Australian Standards AS/NZS ISO31000:2009 which formalises Council's processes to ensure risk management considerations are given to all decisions, projects, services and operations by all Council Officers and Councillors of Forbes Shire Council.

It is acknowledged that not all risks can be eliminated but Council is committed to ensuring systems are in place to ensure Council is aware of its risks and they are controlled to an acceptable level.

Council will provide a Risk Management Framework that will ensure staff are appropriately skilled in risk management processes, aware of their responsibilities and a consistent approach to risk management is applied across the organisation. It will facilitate systems that ensure Council's risks are effectively managed.

### 2.3 Methodology

Risk levels will be different for each position or function of the organisation.

Council should assess risks in a sophisticated manner that allows the same risk to be scored differently at an operational level to that of an Enterprise level. This will ultimately allow a risk structure that facilitates each person to determine their own operational risks and subsequent controls whilst allowing the organisation to determine its enterprise risks which may have different controls. This can be achieved by defining the risks as either Operational or Enterprise.

By applying these two elements of risk, the organisation can be sure it has effectively controlled the day to day micro risks as well as the strategic macro risks to the organisation.

## 2.3.1 Operational Risk

Council Officers should perform risk assessments based on risks associated with their area of control. This would include functions of Council, specific activities and/or incidents and projects that are being implemented. The resultant controls and action plans would be quite specific.

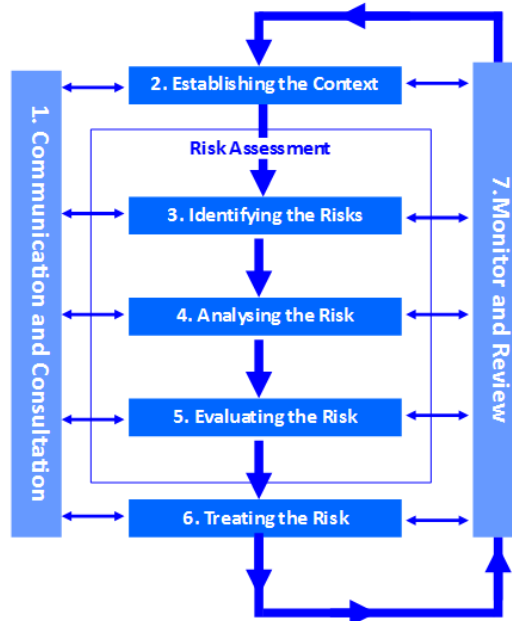
## 2.3.2 Enterprise Risk

At an Enterprise level, risks should be assessed based on the impacts on the overall organisation and in general will be more broad than that of Operational Risk. This will allow strategic and operational risks to be viewed across the entire organisation. For example where an operational risk is identified by a significant number positions or it affects a range of Council's functions it may become an Enterprise risk as it affects a large area of Council's business.

## 2.4 Risk Management Process

Following are the main elements for a risk management process as defined in the Australian Standard AS/NZS ISO31000:2009.

Risk Management Process from AS/NZS ISO31000:2009 (Page 14)



Council will undertake each element in line with Australian Standard AS/NZA IS031000:2009

## 3 RESPONSIBILITIES

The **General Manager** is responsible for ensuring risk management systems are developed and implemented across all of Forbes Shire Council's operations.

The **Directors** are responsible for ensuring risk management strategies are applied to all activities under their area of control.

**Managers and Supervisors** are responsible for implementing, maintaining, evaluating and re-evaluating risk management controls within their area of responsibility in accordance with Council's Risk Management Framework. They are responsible for creating an environment that encourages a risk management culture where staff actively participate in risk management activities.

All **Council Officers** are responsible for following the processes developed within Council's Risk Management Framework and actively participating in identifying and controlling risks in their day to day activities.

The **Governance and Risk Committee** (GRC) shall monitor, review and provide general recommendations in relation to Council's effectiveness in managing its risks.

The **Risk Reference Group** (RRG) reports to the General Manager and is charged with co-ordinating and facilitating Council's Enterprise-Wide Risk Management Program.

## Revision History

Version	Adoption Date	Authorised by	Approved by	Revision Date
V1		General Manager	Council	

## Change History

Version	Change Details
V1	Initial Policy

## Related Documents

Document Title	Location
<i>File Reference:</i>	<i>InfoXpert Policy Register</i>
Associated Documents	Location
<i>Enterprise Risk Management Procedure</i>	<i>InfoXpert Procedure Register</i>