KYOGLE COUNCIL

ENTERPRISE RISK MANAGEMENT

POLICY

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1 Title

This Policy may be cited as Kyogle Council's Enterprise Risk Management Policy.

2 Validity

This Policy derives its validity from Council Resolution DRAFT ONLY

3 Purpose

To provide a risk management policy within Kyogle Council, identifying responsibilities for all officials to manage risk within a structured, consistent governance framework.

4 Scope

Applies to all council staff and management processes, including but not limited to:

- Strategic planning
- Finance and budgeting
- Policy development
- Project and program management
- Strategic and operational decision making

5 Legislation and Policy Framework

Section 8 B (C) (iv) of the *Local Government Act 1993* (the Act) requires Councils to apply the principles of sound financial management including sound;

Risk management practices.

All risk management related activities with Kyogle Council will be consistent with International Risk Management Standard AS/NZS ISO 31000:2009.

5.1 Definitions

Enterprise risk management - the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects in order to achieve Council's enterprise objectives.

Risk – the effect of uncertainty on objectives.

5.2 Principles

The International Standard ISO 31000:2009 Principles and Guidelines lists the following 11 risk management principles:

- Creates and protects value

- Is an integral part of all organisation processes
- Is part of decision making
- Explicitly addresses uncertainty
- Is systematic, structured and timely
- Is based on best available information
- Is tailored
- Takes human and cultural factors into account
- Is transparent and inclusive
- Is dynamic, iterative and responsive to change
- Facilitates continual improvement of the organisation

5.3 Outcomes

To ensure, through the application of this policy that:

- The General Manager and the Executive team can make informed strategic, project and operational decisions informed by the Risk Management Policy
- All reasonably foreseeable risks are identified, assessed, analysed, prioritised and considered for appropriate action
- Relevant legislation and standards are used to provide guidance in risk management practice
- Management of resources has effective controls
- The community, employees, volunteers, assets and financial integrity and sustainability are protected
- There is appropriate delegation of risk management responsibilities across all areas of Council

6 Context

Risk exists in all aspects of Council's business. The level of risk that Council faces at any one time is the combination of the likelihood of an event occurring and the consequences if it happened.

Risk for Council is likely to occur in three main areas:

6.1 Strategic Risks

Strategic Risks relate primarily to the role and responsibilities of the elected Council in the following areas:

- Reputation
- Managing stakeholder expectations
- Asset and Resource Management
- Strategic Planning
- Integrated Planning and Reporting

- Community and Civic Leadership
- Financial Sustainability
- Accountability
- Governance

6.2 Operational Risks

Operational risks arise directly from the day to day operations of the Council and include but are not limited to the following:

- Financial Management
- Governance
- Community Engagement
- Asset Management
- Service Delivery
- Human Resources Management
- Information and Technology
- Property management
- Business Systems
- Regulatory Enforcement
- Contracting and Procurement

6.3 Project Risks

Project risks all projects have risks and risk management is a critical function of project management. The identification, communication, assessment, mitigation, recording and reviewing of project risk is paramount for the success of Council projects.

7 Responsibilities

7.1 Council

- Approve Council's Enterprise Risk Management Policy
- Approach risk as an integral part of decision making

7.2 Internal Audit and Risk Committee

- Review Council's risk management framework and associated procedures to ensure coverage of business and financial risks, including fraud.
- Review the impact of the framework on insurance arrangements
- Review an effective approach has been adopted in establishing business continuity planning arrangements, and the periodic testing of plans.

7.3 General Manager

- Ensure the implementation of and effective Enterprise Risk Management System
- Respond to and report on significant risks and opportunities that may arise

7.4 Executive Team

- Integrate the Risk Management System into strategic business plans and performance agreements
- Promote a culture of risk management across Council
- Monitor and review reports
- Monitor and review this policy and its implementation.
- Assure appropriate resourcing to support risk management

7.5 Managers

- Ensure risk management is integral to business planning
- Prepare and monitor risk management plans
- Report on risk to the Executive
- Monitor and evaluate the operation of this policy as it relates to manager's responsibilities
- Promote and support risk management culture
- Ensure appropriate training is provided

8 Review

This policy will be reviewed every four years, unless otherwise directed by Council or the General Manager.