



PARKES SHIRE COUNCIL

# **ENTERPRISE RISK MANAGEMENT POLICY**

# PARKES SHIRE COUNCIL

## ENTERPRISE RISK MANAGEMENT POLICY

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### CONTROLLED DOCUMENT INFORMATION

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### Version History

Version Number	Date Changed	Modified by	Details & Comments
1	Date Policy Created 21.12.2010	Chief Operating Officer	Policy Created Res 10-726
2.	September 2018	Chief Operating Officer	Minor amendments to reflect new policy template
3.	June 2020	Chief Operating Officer	Minor updates as suggested by ERM Audit review

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## INTRODUCTION

Parkes Shire Council is committed to the implementation of Enterprise Risk Management (ERM). ERM is defined as “an organisation-wide approach to developing techniques that assist to have the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.

Council recognises that risks are an integral part of normal everyday life that is unavoidable. Taking control of informed risks is part of good business practice, and allows for risks to be identified, analysed, evaluated and treated. Council is adopting a proactive approach in committing resources and energy to implementing Enterprise Risk Management.

The ultimate objective of this Risk Management Policy is to embed the principles of risk management in all aspects of Council’s operations. It is recognised this is a long-term goal and will require a phased implementation to ensure that risk management is effective and sustained across all of Council’s operations.

Enterprise Risk Management will require Council to consider the objectives of its internal and external stakeholders, and those factors that may impact on each stakeholder’s ability to achieve their own objectives, as they relate to Parkes Shire Council.

This Risk Management Policy provides the overarching support to implementation of Council’s Enterprise Risk Management Plans and use of a suite of tools outlined in Council’s Enterprise Risk Management Handbook for use in applying risk management to Parkes Shire Council.

Parkes Shire Council considers Enterprise Risk Management to be an integral part of its Governance Framework. Council aims to:

- maintain the highest possible integrity for services it provides
- safeguard Council’s assets, including but not limited to people, property and financial resources
- create an environment where all Council employees assume responsibility for managing risk
- ensure that Council can appropriately deal with risk
- demonstrate transparent and responsible risk management processes aligned with accepted best practice standards and methods

Parkes Shire Council is committed to implementing systematic risk management that will realise opportunities for improvement of Council’s business activities whilst minimising the potential for losses.

This Risk Management Policy and supporting Risk Management Plan is being incorporated into Council’s Integrated Planning and Reporting activities to facilitate best practice risk management in accordance with International Standard AS/NZS ISO 31000:2009.



## PURPOSE

The purpose of this policy is to set guidelines for the promotion and adoption of an Enterprise Risk Management Framework across the Strategic, Tactical and Operational Levels and to imbed a risk management culture within Parkes Shire Council to assist with the realisation of potential opportunities whilst managing potential adverse effects.

## POLICY

Enterprise Risk Management is an integral part of the Councils decision-making and routine management, and will be adopted within all levels of Councils planning and implementation processes.

### Definitions

**Risk:** the effect of uncertainty upon Parkes Shire Council's objectives. It is measured in terms of consequences and likelihood.

**Risk Management:** coordinated activities to direct and control Parkes Shire Council with regard to risk. *(Diagram depicting the Risk Management Process supplied in Annexure A)*

**Enterprise Risk Management Framework:** set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout Parkes Shire Council. *(Diagram depicting ERM Framework continuous improvement model supplied in Annexure B)*

**Enterprise Risk Management Policy:** statement of the overall intentions and direction of an organisation related to Enterprise Risk Management.

**Risk Appetite** is the amount and type of risk that an organisation is prepared to pursue, retain or take in pursuit of its objectives.

**Risk Attitude** is the organisation's approach to assess and eventually pursue, retain, take or turn away from risk.

**Risk Treatment Plan** is the scheme within the Parkes Shire Council risk management framework specifying the approach, the management components and resources to be applied to the management of risk.

**Risk Categories:** activities including but not limited to occupational health and safety, public liability, financial, project, governance, environment and civic leadership risks

**Risk Owner:** person or entity with the accountability and authority to manage risk

**Risk Assessment:** the process or risk identification, risk analysis and risk evaluation.

**Risk Identification:** the process of finding, recognising and describing risk

**Consequence:** outcome of an event affecting objectives

**Likelihood:** chance of something happening

**Risk Register:** a list of identified and assessed risks.

**Risk Treatment Plan:** plans or activities to treat (reduce or eliminate) each risk. Risk Treatment Plans are an outcome from the risk management process.



## RISK APPETITE

The Council funds its operations mainly with the use of public money and is ultimately responsible to its community members. It therefore believes it should mostly hold a conservative low appetite for unmanaged risk.

### Appetite Statements

Council's Risk Appetite Statement describes the level of risk Council will tolerate in carrying out its activities. Where risks are assessed as exceeding these tolerances:

- additional mitigations must be considered; or
- the activity should be ceased or removed; or
- Council approval should be sought to continue with the activity.

All Councillors, Council officers, contractors, and Council sub-committees will have regard to Council's Risk Appetite Statement in their decision making. As such the Risk Appetite Statement will become an essential part of Council's risk management framework. This will enable Council to effectively assess its risks in planning and delivering its strategic and operational goods and services.

The Risk Appetite Statement will be subject to annual review.

Category	Appetite Statement
Overall Risk Statement	<p>Council has a Conservative LOW to MODERATE risk appetite across its operations.</p> <p>Council has low tolerance for injuries to persons. It is committed to creating a safe living and working environment for its staff and the community.</p> <p>Council is a provider of services to the community and regulates development activities within the Shire. It is aware of its environmental impacts and endeavours to adopt a sustainable approach to its activities. However, it recognises that the community is complex and subject to many external factors beyond the Council's control or influence.</p> <p>Council operates within the laws and regulatory framework to which it is subject and also has a role to play in enforcing these laws. It is important to Council that its systems and services operate efficiently and effectively.</p> <p>Risks need to be effectively managed and balanced in this area to ensure sustainable delivery.</p>
Health and Safety	<p>Council has a LOW risk appetite for injury to members of the public and staff. Council has a target risk of zero, wanting all persons to arrive home safely. However, it recognises incidents happen and reflects this in the low tolerance stated.</p>
Regulatory, Compliance, Governance	<p>Council has a LOW risk appetite for non-compliance with legislation, regulations and professional standards. This includes laws and regulations that Council administers. Council has NIL tolerance for illegal activities including fraud and corruption.</p>
Environment and Sustainability	<p>Council has a MODERATE risk appetite for environmental and sustainability risks. It recognises its operations have an environmental impact and seeks to minimise these impacts. Council complies with its regulatory obligations regarding sustainable development.</p>



Category	Appetite Statement
Finance	Council has a MODERATE risk appetite for financial / asset risks in both its strategic and operational functions.
Economic Growth	Council has a MODERATE risk appetite to ensure it can promote local economic growth. However, it notes the local economy is subject to many external factors outside of Council's control.
Reputation and Brand	Council has a MODERATE risk appetite for reputational risk. Council notes at times it is necessary to make the "right" decision and not the "most popular" decision.
Business Continuity	Council has a MODERATE risk appetite for business disruption. It acknowledges that cyber risks are possible and seeks to minimise disruption where possible.

## RESPONSIBILITY

The roles and responsibilities relating to Council's Enterprise Risk Management (ERM) are detailed below:-

### **Council**

Approve program, allocate funding, ultimate responsibility, report to community. Liaise with General Manager

### **General Manager**

Oversee program, maintain leadership, implementation, effectiveness of program, report to Council and statutory bodies

**Directors / Executive Managers** Identify risk and best practice, overall department implementation, report to General Manager, drive processes, provide leadership and direction

### **Audit Risk and Improvement Committee**

Oversee the implementation of the risk management process, decide direction in consultation with General Manager, monitor and review

### **Risk Management Working Party**

Assist in monitoring and implementation of ERM Program. Carry out strategic risk assessments and provide a forum for discussion and dissemination of information relating to ERM. The working party is the body directly attributable for driving Council's ERM initiatives.

### **Risk Manager**

Monitor actions, implement systems, ensure compliance as required, provide leadership and direction

### **Department Risk Representative**

Risk mentor, resource person, support role, assist committee or Risk Manager. Liaise with staff and supervisors

### **Senior Managers**

Implement in own area, ensure training and resources available, provide leadership and support, report to executive managers

### **Supervisors**

Implement and maintain compliance, maintain adherence to time frames, monitor and review, report to senior managers



**Staff**

Report unsafe acts or any conditions of risk, eg fraud, misappropriation. Work to time frames, comply with policies and procedures

**RELATED DOCUMENTATION**

- Parkes Shire Council Delivery Plan
- Parkes Shire Council Operation Plan
- Parkes Shire Council Policies including, but not limited to:
- Risk Assessment and Control Procedure
- Asset Management Policy
- Records Management Policy
- Business Continuity Policy
- Code of Conduct Policy
- Business Ethics Policy
- Contractor Management Policy

**PROCEDURE**

- This policy is the cornerstone of Parkes Shire Council's Enterprise Risk Management Framework, the procedures to be adopted are outlined in the Parkes Shire Council Enterprise Risk Management Plan and the Enterprise Risk Management Handbook.

**REFERENCES**

International Standard AS/NZS ISO 31000:2009.

Occupational Health and Safety Act 2011

Occupational Health and Safety Regulation 2017

AS4360:2004 Risk Management

International Standard AS/NZS ISO 31000:2009.

Hazpak Making your Workplace Safer

Local Government & Shires Association – Chapter 7: Risk Management

Risk Management Guide for Small Business

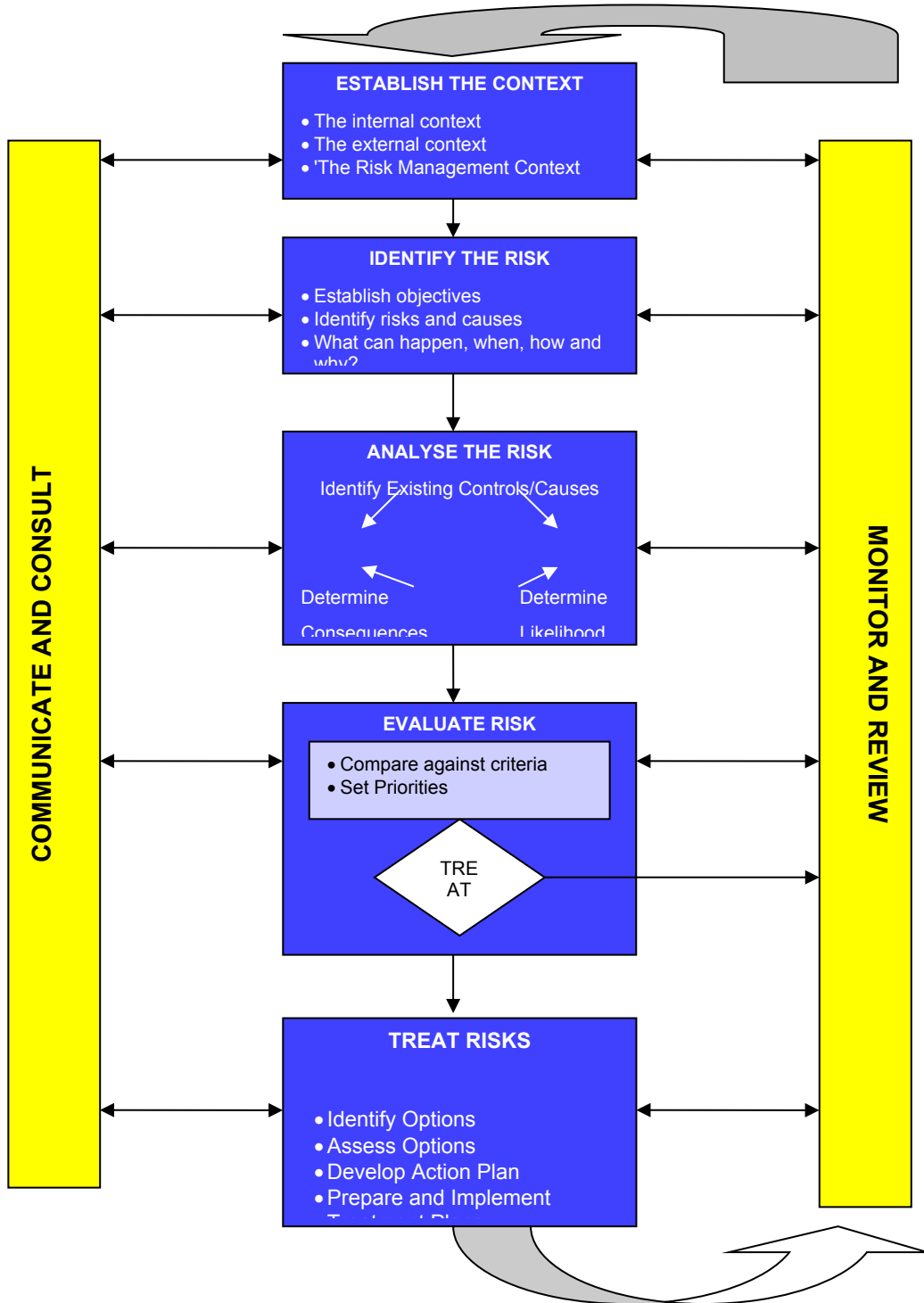
OH&S in Australia, a management guide (Toohey, Borthwick, Archer)

Prudential and TAFE NSW ERM Training Package 2009.



ANNEXURE A

IAS/NZS ISO 31000:2009. Risk Management Process Register Template





**ANNEXURE B**

**Risk Management Framework Continuous Improvement Model**

