

POLICY

Policy Name	Risk Management Policy
Policy Category	Governance
Department / Officer	Corporate and Customer Service / Director
Date Adopted	15 December 2008
Date/s Reviewed	17 December 2012; 28 August 2017; 22 June 2020 28 August 2023
Review Frequency	Every three years
Strategic Plan Reference	Aspiration 6 – We are a financially sustainable and well-governed organisation.
Attachments	Nil

1. Purpose

The City of Victor Harbor recognises that effective management of risk will support successful achievement of its vision and strategic objectives.

The purpose of the Risk Management Policy (the Policy) is to enable an integrated approach to assessing opportunities with appropriate risk management through:

- The City of Victor Harbor's commitment to core risk management principles;
- Defining responsibilities for the application of risk identification, assessment, evaluation and treatment programs across the organisation's operations. and
- Implementation of the Risk Management Framework (the Framework) which provides the tools and programs to underpin Council's ability to achieve a balance between the costs / impacts of managing a risk and the anticipated benefits for the community.

The management of risk will be integrated into the organisation's governance structures, including decision making. Risk Management leads to the successful achievement of Council's vision, Community Plan objectives and community expectations.

To achieve the objectives of the Policy, the Risk Management Framework has been developed.

2. Scope and Performance Measures

Council applies risk management at the following levels:

- Strategic: high level risks which impact the City of Victor Harbor's strategic objectives as outlined in Council's Community Plan; and
- Operational: risks which impact Council's service delivery.

The performance of the risk management program will be measured through the following performance indicators:

- Number of strategic objectives achieved (as a percentage of total).
- Year on year reduction in strategic risks rated “extreme” and “high”.
- Percentage of strategic risks within risk appetite.
- Number of Council Members, Senior Management Team and employees trained in risk management, (as a percentage of total).
- Tangible improvement in risk maturity modelling.
- Percentage achievement of risk evaluation action plan actions.

3. Policy Statement

The City of Victor Harbor is committed to maintaining and applying governance and risk management principles to ensure that any impacts to strategic and business objectives are considered and analysed.

Council will adopt and implement a systematic approach to identify, assess, evaluate and treat (mitigate) risks. The risk management program involves identifying opportunities to ensure Council achieves its strategic goals whilst recording and managing its operational risks.

The Senior Management Team will lead, actively participate and have complete oversight over all aspects of risk management within their areas of responsibility.

The Senior Management team and Manager People and Culture will maintain the Framework consistent with the guidelines and principles of risk management as set out in the International Standard ISO31000:2018 – Risk Management Guidelines, with the goal of providing a consistent approach for dealing with uncertainties likely to impact on the achievement of Council’s vision.

The risk register(s) will be periodically and consistently reviewed in accordance with set timeframes identified in the Framework.

4. Legislation and Compliance

This policy supports the relevant legislative requirements under the:

- Section 48(1) and (2) of the *Local Government Act 1999* requires Council to obtain and consider a report that assesses the prudential issues, thresholds and the relationship with relevant strategic management plans prior to the engagement of a project. Identify risks associated with the project and take steps to manage, reduce or eliminate those risks(including by provision of periodic reports to the CEO and to Council Members).
- Local Government Act 1999
Section 125 of the *Local Government Act 1999* requires Council to have appropriate policies, practices and procedures of internal control implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner and achieve its objectives.

Section 132A of the *Local Government Act 1999* 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.

Section 134(4) (b) of the *Local Government Act 1999* requires Council to adopt risk management policies, controls and systems.

- Local Government (Financial Management) Regulations 2011
Regulation 14 (e) of the *Local Government (Financial Management) Regulations 2011*, requires internal controls be implemented by Council and to provide assurance that its financial records are complete, accurate and reliable.
- As a member of the Local Government Association Mutual Liability Scheme (LGAMLS), the City of Victor Harbor is bound by the Scheme Rules, which include an obligation to ensure that adequate risk management and prevention strategies are put in place to minimise the risk of any incident, circumstance or matter that may give rise to a claim.
- Work Health and Safety Act 2012

5. Definitions

For a full list of definitions, refer to the Risk Management Framework

CEO means the Chief Executive Officer of the Council.

The City of Victor Harbor has meaning as constituted under the *Local Government Act 1999*, and includes both the Council members and the administration.

Council means the City of Victor Harbor as constituted under the *Local Government Act 1999*, and includes both the Council members and the administration.

Council Members means the City of Victor Harbor Mayor and Elected Council Members.

Employee means all Council employees and includes trainees, work experience students and contractors whether they are working in a full-time, part-time or casual capacity.

Risk means the effect of uncertainty (either positive, negative or both) on objectives. An effect is a deviation from the expected which could be either positive, negative or both. Risk is often characterised by reference to potential events impacting on achievement of objectives, the likelihood of an event occurring and consequences or a combination of these.

Risk Management means coordinated activities to direct and control an organisation with regard to risk.

Risk Management Framework means a set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.

Senior Management Team means the Chief Executive Officer, Director Community and Development, Director Corporate and Customer Service, Director Environment and Infrastructure and Group Manager Governance and Finance.

6. Roles and Responsibilities

6.1 Council Members

Council Members are responsible for:

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- Setting the organisation's risk appetite and policy for managing risk.
- Giving adequate consideration to risks when setting objectives and making decisions.
- Fostering a culture that is consistent with the Council's appetite for risk.
- Ensuring the Council has the structures and processes in place to support decision making and management of risk.
- Setting an appropriate governance structure for risk and risk management including Audit Committee and delegations.
- Requiring the CEO to demonstrate that the framework for managing risk is effective and appropriate; and
- Considering recommendations from the Audit Committee relating to strategic risks or any other risk matter.

6.2 Audit Committee

The Audit Committee is responsible for:

- Reviewing and endorsing the criteria contained within the Risk Management Framework;
- Reviewing reports from the Senior Management Team and internal and external auditors to ascertain the adequacy of controls that have been implemented; and
- Monitoring strategic risks on a quarterly basis and providing advice and / or recommendations to Council regarding new and emerging risks and their mitigation.

6.3 Chief Executive Officer

The Chief Executive Officer is responsible for:

- Promoting a strong risk management culture by providing firm and visible support for risk management including ensuring appropriate accountability for the management of risk.
- Reviewing and endorsing the risk management framework.
- Developing and implementing a framework that delivers a consistent approach to risk management by allocating resources and assigning authority, responsibility and accountability at appropriate levels within the organisation.
- Allocating and upholding accountability for managing risk.
- Ensuring the Senior Management Team & Management Team have the necessary knowledge and skills to effectively fulfil their risk management responsibilities.
- Regularly reviewing strategic and operational risks and maintain an understanding of the environment in which the organisation operates, the risks it faces and the effectiveness of its controls.
- Ensuring compliance with legislative and contractual obligations and policy requirements.
- Providing reliable information about risks, controls and their effectiveness to the Council and
- Escalating all strategic risks that exceed the Council risk appetite to the Audit Committee or Council, as required.

6.4 Senior Management Team

Members of the Senior Management Team are responsible for:

- Promotion of this Policy and the Framework.
- Monitoring the organisation's overall risk profile and mitigation strategies.
- Ensuring that risk management is embedded into all functions and activities, including decision making.
- Ensuring that risks that cannot be treated immediately 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).
- Incorporating risk treatments into departmental plans.
- Ensuring that staff, contractors, volunteers, and other relevant stakeholders have the appropriate skills to actively be involved in managing risk.
- Providing incentives and performance management arrangements that support the desired approach to managing risk.
- Promoting a proactive risk culture in accordance with business management initiatives.
- Collectively reviewing strategic risks and considering emerging risks, (prior to Audit Committee)
- Ensuring compliance with legislative and contractual obligations and policy requirements.

6.5 Manager People and Culture

Manager People and Culture is responsible for:

- Providing guidance and assistance to the Management Team and employees in relation to the application of this framework.
- Ensuring relevant risk information is recorded in the Risk Register and reported and escalated to the Management Team or cascaded to employees, as relevant.
- Maintaining this Risk Management Policy and the Framework to ensure their currency and relevance; and
- Maintaining the Risk Register and reporting timeframes as required.

6.6 Employees, Volunteers and Contractors (Workers)

All Employees, volunteers and Contractors are responsible for:

- Understanding the risk management processes that apply to their area of work; and
- Identifying, evaluating, reporting and managing, (or escalating,) risks relating to daily activities and projects .

7. Policy Content

It is the policy of the Council that opportunities are assessed and implemented with a documented risk management approach.

The management of risk is recognised as an integral part of good management practice and is an essential component of effective corporate governance. Risk management is not a stand-alone activity that is separate from the main activities and processes of the organisation.

Council's Risk Management Framework is consistent with the guidelines and principles of risk management as set out in the *Australian Standard ISO 31000:2018 – Risk Management - Guidelines*.

All Council decisions and activities will use the principles defined in the Risk Management

Framework, which provides the mandated process for the identification, analysis and management of risk to deliver services and community outcomes. This will support sustainability and safeguard Council's people, assets, infrastructure, finances and reputation, as well as ensuring the safety of all other persons from works that Council undertakes, as far as is reasonably practicable.

8. Risk Management

Corporate risk management will be in accordance with the Risk Management Policy (this policy) and the Risk Management Framework.

9. Implementation/Delegations

The Chief Executive Officer is delegated responsibility to implement this Policy.

10. Related Documents

A number of Council's policies and procedures, along with other documents are relevant to this policy including, but not limited to:

- The City of Victor Harbor Risk Management Framework
- Risk Management Procedure
- Better Practice Model – Financial Internal Controls for South Australian Councils
- LGAMLS Scheme Rules as gazette July 2020
- ISO31000:2018 Risk Management Guidelines

11. Availability of Policy

This policy is available on Council's website at www.victor.sa.gov.au.