COUNCIL POLICY

Council Policy Title:	Risk Management
Council Policy ref. no:	7.3
Responsible Division:	Corporate Services
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1. INTRODUCTION

Policy Statement

Council is committed to the management of risk as an integral part of its activities, operations and services to be the local community in accordance with the process set out in the Australian/New Zealand Joint Standard on Risk Management (AS/NZS ISO 31000:2009). To meet this commitment all employees are required to be responsible and accountable for managing risk in so far as is reasonably practicable within their area of responsibility.

Council works in co-operation and consultation with employees, community and other agencies to:

- Ensure ongoing active prevention of injury or illness to any person;
- Share information (as required) with other similarly affected agencies together with Council to minimise or prevent risk and liability affecting stakeholders; and
- Minimise damage or loss of any property.

Council acknowledges its corporate, financial and legal responsibility to effectively manage risks in all areas of its business activities. As far as is reasonably practicable Council will ensure that the organisation's operations do not place people, property or the environment at unacceptable levels of risk or harm.

Council is also committed to managing this risk by logically and systematically identifying, analysing, evaluating, treating, monitoring and communicating all risks that directly or indirectly impact on the Council's ability to achieve the vision and strategic objectives outlined in the Council Plan.

Council believes that good Risk Management is essential for the successful implementation of the Council Plan, as it:

- Facilitates innovation, cooperation and the sharing of resources.
- Enhances the development and delivery of Council programs.

- Supports the Council's key values and ethics.
- Encourages a closer working partnership between the Council and the community.
- Ensures consultation with all Stakeholders on key issues.
- Encourages a proactive approach to problem solving.

2.   POLICY PRINCIPLES

We manage exposure to risk by:

- Identifying risk and its sources
- Analysing risk
- Evaluating and implementing options to treat and reduce risk so far as reasonably practicable
- Communicating and consulting with stakeholders to monitor and review the risk levels and the effectiveness of risk controls.

We maximise the effectiveness of risk management through compliance with the following principles:

- Risk Management creates and protects value: we are able to show demonstrable achievement of objectives and improvements in our risk performance.

- Risk Management is an integral part of processes: we are able to demonstrate that management responsibility includes the accountability for risk management and its integration with our processes.

- Risk Management is part of decision making: we are able to demonstrate that risk management underpins our decision making resulting in informed choices, prioritised actions and development of alternative courses of action.

- Risk Management deals with uncertainty: we are able to demonstrate that our processes, activities and decision making address uncertainty.

- Risk Management is systematic, structured and timely: we are able to demonstrate consistent, comparable and reliable achievements in efficiency.

- Risk Management is based on best available information: we are able to demonstrate that the process of managing risk is based on data, experience, feedback, forecasts and consider the possible limitations of these information sources.

- Risk Management is tailored: our processes take into account the consideration of our risk profile.

- Human and Culture Factors: our processes account for the capabilities, perceptions and intention of employees and the community that may enhance or hinder our objectives.

- Transparent and Inclusive Processes: we involve our decision makers, internal and external stakeholders when appropriate to ensure that our risk management is relevant and up-to-date.

- Dynamic and Responsive Processes: our risk management processes are designed to monitor, sense and respond to change resulting from changes in internal and external events and knowledge.

- Continued Improvement of our Organisation: we recognise the need to develop and implement strategies to improve our risk management performance.

3. DEFINITIONS

Definitions as per **AS/NZS ISO 31000**:

Risk is the effect of uncertainties on objectives. The "effect" of the uncertainty is any deviation from the expected and can be positive or negative. The objective could be related to finance, health & safety or environmental and could impact on different levels of the organisation (Strategic, Operational or Project based etc.).

Exposure is the extent to which an organisation and/or stakeholder is subject to an event.

Risk Management is the co-ordinated activities to direct and control an organisation with regard to risk.

Risk Management Policy statement of the overall intentions and direction of an organisation related to risk management.

Hazard is a source of potential harm.

Event is an occurrence or change of a particular set of circumstances.

Likelihood is the chance of something happening.

Consequence is the outcome of an event affecting objectives.

4. SCOPE

This policy includes all services and functional areas of the organisation, including contractors, consultants and volunteers and at all levels of the organisation. It includes the functions and responsibilities for risk management, communication and consultation processes, implemented by the Risk Management Committee, managers, co-ordinators, team leaders, supervisors and employees.

The policy encompasses risk management principles pertaining to all classes of risk and will be implemented across all sectors of the organisation. It requires a consistent, proactive and systematic approach to risk management at all levels of Council and council activities.

In order to manage risks in accordance with best practice, Council should comply with the requirements of **AS/NZS ISO 31000, Risk Management – Principles and Guidelines** as well as Council's established ethical standards, values, policies, procedures and business practices.

5. RISK MANAGEMENT REQUIREMENTS

Communication and Consultation

Council and its relevant committees will adopt a consultative team approach in its risk management by:

- Helping to identify risk context (e.g. organisational, environmental, financial, physical).
- Ensuring stakeholder's interest and welfare are considered and understood.
- Developing systems to effectively identify risk.
- Employing the appropriate expertise to analyse risks.
- Appropriately considering the views of our stakeholders when evaluating risk and how our performance is measured.
- Securing stakeholder support and endorsement for any plans developed to manage risk.

Decision Making

Risk Management will be a consideration in all Council decision making processes. In accordance with its common law 'duty of care', statutory responsibilities and Council Policy, Council will ensure that resources are allocated to:

- Minimise Council's exposure to loss and litigation;
- Protect and enhance Council's Reputation;
- Protect Council's financial and physical assets;
- Implement employee health and safety programs;
- Capitalise on opportunities;
- Identify and manage risks which may cause loss or liability to Council; and
- Educate staff & Council to ensure there is a firm understanding of the principles associated with Enterprise Risk Management.

Maximum benefit is derived from the risk management processes through the:

- Commitment of Council and the Executive Management Team to risk management;
- Analysis of both external and internal risks;
- Establishment of risk management responsibilities throughout the Council;
- Communication throughout Council about risk;
- Regular monitoring and reporting on processes established to manage risk to the Risk Management Committee, to the Chief Executive Officer and the Audit Committee; and
- Integrating of risk management into the business planning process.

This will be achieved through the implementation of a risk management process, which is designed to identify significant risk exposures and find acceptable solutions for eliminating, reducing or transferring them.

Risk Tolerance

Council recognises that undertaking the activities of Local Government has inherent risks. In pursuing its objectives, Council will manage risks based on the level of risk calculated as follows:

- **Risks with a residual rating of LOW** are acceptable and will be monitored by the routine procedures of responsible officers.

- **Risks with a residual rating of MEDIUM** are acceptable when the Executive Team clearly define responsible officer's responsibilities. These risks will be entered into the Risk Register.

- **Risks with a residual rating of HIGH** require authorisation by the Executive Team. The activity must be deemed critical to achieving Council's objectives and all other options must be explored before acceptance. These risks will be entered into the Risk Register. The Executive Team will closely monitor the activity with clearly defined responsibilities for the responsible manager.

- **Risks with a residual rating of EXTREME** are unacceptable and should cease until suitable controls are put in place to lower the risk as low as is reasonably practicable. Once a reduced risk rating has been achieved, it will be managed in accordance with the policy. Where the activity cannot be ceased (or ceasing the activity does not diminish the residual risk) the decision to tolerate the risk must be noted on the risk register. Resources should be applied to reduce the risk rating as soon as practicable.

6. RESPONSIBILITY AND ACCOUNTABILITY

Under this policy Council will ensure that the management, staff and relevant committees have the appropriate accountability, authority and access to expertise to implement risk management processes and controls.

We facilitate accountability for risk management by:

- Identifying positions and office-bearers accountable and have risk management authority.
- Identify the position(s) in Council responsible for the development, implementation and maintenance of our risk management system (i.e. processes, reporting and committees).
- Allocating resources for risk management.
- Identify other positions at all levels within Council responsible for implementing and monitoring the performance of risk management processes.
- Developing and implementing performance measures, reporting strategies and escalation processes.
- Communicating the risk management policy throughout the organisation.
- Adopting this Risk Management policy and ensuring that there are adequate budgetary provisions for the implementation and maintenance of this policy.

The Audit Committee is responsible for:

- assisting the co-ordination of relevant risk management activities of management, and achieving the overall objectives of Council, including:

  - acting as an advisor of Council, to assist in discharging Council's responsibilities as they relate to the organisation's accounting policies, management systems, internal controls and financial reporting;
  - maintaining efficient and effective external and internal audit processes;
  - assisting Council in managing its risk; and
  - reviewing compliance processes with legislation.

Risk Management Committee is responsible for:

- Ensuring Council's Risk Management practices operate within the framework provided by AS/NZS ISO 31000 Risk Management – Principles and Guidelines, legislation and Council policy.
- Reviewing Council's Risk Management Policy and procedure by 31 March each year.
- Providing advice and assisting management and staff in the management of risk within their areas of responsibility.
- Annual review of all risks contained in the Risk Register
- Monitoring risk trends.
- Supporting risk management awareness training throughout the Council.
- Reporting to the Executive Management Team on a quarterly basis.
- Reporting progress to Executive after each meeting.

  The terms of reference governing the composition and operation of the Risk Management Committee can be found in Appendix A.

Chief Executive Officer and General Managers are responsible for:

- Understanding the principles of Risk Management, including their application to resource conservation and incident/claim reduction.
- Ensuring that the Council meets its "duty of care" to all staff and the general public and protects its assets and operations through:
  - Education.
  - Appropriate risk financing.
  - Adequate loss control programs and measures.
- Monitoring and evaluating the performance of Managers against their Risk Management responsibilities.
- Leading the Executive Management Team in the development of the Council's Business Continuity recovery program.
- Assisting the Council in the development and revision of the Council Plan.
- Develop agreed and assessable success measures, to support the Strategic Objectives contained in the Council Plan.
- Promoting Risk Management as a vital business principle.
- Monitoring the implementation of the Risk Management Policy and Risk Management procedure across the organisation.

- Monitoring and evaluating the performance of managers against their Risk Management responsibilities.
- Ensuring that proposed events and projects within their jurisdiction are not approved without a formal risk assessment that effectively identifies and manages all the risks associated with them.
- Monitoring all risks entered into the Council's Risk Register which fall within their jurisdiction.
- Ensuring the provision of a safe and healthy work environment.
- Implementation of appropriate safe work practices and control measures in accordance with the *Occupational Health & Safety Act* 2004, its amendments, *Occupational Health and Safety Regulations* 2007 and related Compliance Codes of Practice and Australian Standards.
- Reviewing Council's Risk Register:
- Review and prioritise all risks entered on the register;
- Review action plans against all identified risks;
- Ensuring that Council's assets and operations, together with liability risks to the public, are adequately protected through appropriate risk financing and loss control programs and measures.
- Advising Council of significant risks, strategies and resource implications.
- Monitoring and ensuring treatments are developed for the items identified in the Risk Register.

Manager People, Performance and Culture is responsible for:

- Chairing Council's Risk Management Committee meetings
- Co-ordinating agenda and meeting activities
- Co-ordinating the quarterly meeting schedule
- Authorising the update of Council's Risk Register
- Quarterly reporting to the Audit Committee
- Facilitating changes to the Risk Management Committee Terms of Reference
- Scheduling and regularly rotating management representative membership of the Risk Management Committee.

Risk and OHS Co-ordinator is responsible for:

- Assisting with the implementation of a process to ensure Council takes a proactive role in managing risk in:
    - WorkCover and Occupational Health and Safety;
    - Public Liability;
    - Professional Indemnity;
    - Industrial Special Risks and
    - Motor Vehicle claims for Council staff, works, services and facilities.

- Providing advice and assistance to all Council staff in relation to the development and implementation of an effective Risk Management processes that comply with AS/NZS ISO 31000 Risk Management – Principles and Guidelines encouraging all Council staff, contractors and volunteers to actively employ Risk Management processes in their decision making.
- Advising all staff with the procedural aspects of Risk Management.

- Assisting Manager Organisation Support and Development as tasked in maintaining the Risk Register.
- Providing an Action Progress Report to the Audit Committee on a quarterly basis.

Managers, Co-ordinators and Team Leaders are responsible for:

- Understanding and observing the Risk Management Policy and related procedures.
- Making loss control/prevention a priority whilst undertaking daily tasks in Council's operations.
- Providing a safe and healthy work environment, in accordance with the *Occupational Health and Safety Act* 2004, its amendments, *Occupational Health and Safety Regulations* 2007 and related Compliance Codes of Practice and Australian Standards.
- Providing assistance and requested information in relation to any insurance claim or risk management issue, in a timely manner.
- Ensuring that Council responds immediately to any report of a hazard or incident received from a resident, employee or visitor.
- Advising of any risk management matter that should be incorporated in forthcoming budgets.
- Monitoring and ensuring treatments are applied for the items identified in the Risk Register and reporting on these items to the Risk Management Committee.
- Understanding the principles of Risk Management, including their application to resource conservation and incident/claim reduction.
- Monitoring and evaluating the performance of Team Leaders against their Risk Management responsibilities.
- Contributing, if appropriate, to the development of the Council's Business Continuity recovery program.
- Assisting their General Manager in the development and maintenance of Business Unit Plans.
- Assisting their team member/staff in the identification, evaluation and mitigation of risks associated with day to day business management.
- Advising of any risk issues within their jurisdiction that should be incorporated in forthcoming budgets.
- Promoting Risk Management as a vital business principle.

Staff, Volunteers and Contractors are responsible for**:**

- Understanding and observing the Risk Management Policy and related procedures.
- Making loss control/prevention a priority whilst undertaking daily tasks in Council's operations.
- Performing duties in a manner which is without an unacceptable level of risk to their own health and safety, other employees, Council's customers, visitors, contractors or the community in general.
- Reporting any illness, injury, hazard, near miss or incidents and losses as soon as they are detected to their manager or coordinator.
- Providing risk management related information, as requested by their manager.

- Assisting their manager in the identification and management of risks to be entered into Council's Risk Register.
- Contributing to the development and implementation of Risk Action Plans and strategies within their jurisdiction.
- Identifying evaluating and mitigating risks associated with their agreed success measures.
- Providing timely assistance and requested information in relation to any insurance claim or Risk Management issue

Manager Governance and Customer, Manager Assets and Property Services, Manager Capital and Major Projects are to:

- Ensure that tenders issued and contracts let by Council comply with the Risk Management, Insurance and Indemnity requirements of Australian Standards AS4000-1997 – General Conditions of Contract and conform to the intent of Council's Risk Management Policy and procedure.
- Manage contracts to ensure their compliance with the above.

Events Co-ordinator is responsible for**:**

In addition to their generic responsibilities under this Policy, the Events Co-ordinator is to undertake and document a formal risk assessment for all proposed events/projects, prior to their submission for funding consideration. This assessment must:

- Consider known risks identified for similar events/projects.
- Identify unique risks associated with a particular event/project.
- Where possible, modify the event/project's design to eliminate or at least minimise these known risks.
- Where risks cannot be eliminated then minimised so far as reasonably practicable through redesign or re-engineering, establish plans to mitigate the risk to an acceptable level during an event or after a project's completion/implementation.

Building Construction Coordinator and Building Maintenance Officer are responsible for:

In addition to their generic responsibilities under this Policy, the Building Construction Coordinator and Building Maintenance Officer are accountable for:

- Developing and maintaining an inspection program for all Council owned and controlled buildings, which complies with the relevant statutory and regulatory obligations.
- Generating maintenance activities and programmed works proposals from inspections conducted.
- Ensure that all building works, including maintenance, are carried out in accordance with applicable specifications and standards.

7.   COMMUNICATION AND REVIEW

This policy will be communicated throughout the organisation on endorsement.

A regular review of all Council's activities is to be undertaken in order to assess the level of compliance with the Risk Management Policy. Progressive adjustment of practices will be undertaken, including the documentation and recording of those practices, to achieve full compliance with this Policy.

8. PERFORMANCE REVIEW

This policy is to be reviewed on a biennial l basis by the *Risk Management Committee* and the *Audit Committee.*

Council will ensure that there is ongoing review of its risk management processes to ensure continued suitability and effectiveness in satisfying the requirements of **AS/NZS ISO 31000 Risk Management – Principles and Guidelines,** and it's Risk Management Policy. Records of such reviews will be maintained. Council will take part in regular audits to ensure compliance with relevant legislative requirements; these may include SafetyMap, Civic Mutual Plus (CMP) audits, Jardine Mutual Asset Protection Program (JMAPP) audits.

The ultimate objective is for Council to be recognised as achieving and maintaining best practice standards for managing risk within Local Government.

9. RISK REGISTER/RISK MANAGEMENT PROCESS

This policy provides the basis for the management of risk within the Colac Otway Shire. This policy should be read in conjunction with the Risk Register, legislation and the associated Risk Management procedure.

10. RELATED DOCUMENTS

- Colac Otway Shire Risk Management Procedure RM-03

ADOPTED/AMENDMENT OF POLICY

Policy Review Date	Reason for Amendment
23 January 2002	Adopted by Council
24 May 2006	Review
28 March 2007	Review
16 December 2009	Review
28 April 2010	Review
16 March 2011	Review
27 June 2012	Review
24 April 2013	Review
23 April 2014	Review
22 April 2015	Review
March 2016	Review

APPENDIX A - RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE

Objectives

The objectives of the Risk Management Committee are to:
- Oversee that Council's Risk Management practices operate within the framework provided by relevant Australian Standards, Guidelines, legislation and Council policy.
- Oversee the processes for consulting, communicating, advising and assisting management and staff in the assessment, management and treatment of risk within their areas of responsibility.
- Oversee the processes to monitor, review and report on Risk Trends.
- Co-ordinate the regular review of the Risk Register (in particular the key corporate risks), risk mitigation strategies and level of residual risk.
- Oversee the processes for reviewing and assessing the effectiveness of the risk management program and risk treatment action plans and make recommendations for continuous improvement.
- Support risk management awareness training and development of a Risk Management culture throughout Council.
- Facilitate reporting to the Executive and Audit Committee on the Risk Management program.

Membership

The following positions form the Core of the Committee:
- Manager People, Performance and Culture, Chair;
- General Manager Corporate Services (representing the Executive Management Team); and
- The Risk & Occupational Health and Safety Coordinator.

In addition, divisions will be represented by:
- One Manager from each division (3) appointed on an annual rotating basis. The tenure of a manager may be extended by an additional year by mutual agreement.

Meetings

- Meetings of the Committee will be held four times per year i.e. on a quarterly basis.
- A quorum will be two core members and two Managers.

Tasks

- Review Council's Risk Management Policy and procedure by 30 March every second year.
- Regularly review the key risks, risk mitigation strategies and residual risk/s contained within the organisations Risk Register.
- Ensure that all strategic risks and operational risks with a residual risk rating of high or extreme are reviewed twice yearly by the Executive Management Team.
- Ensure that all operational risks with a residual risk rating of high or extreme are reviewed twice yearly by the relevant General Manager.
- Re-evaluate and document risk scores post implementation of agreed treatment action plans.
- Review risk treatment action plans and make recommendations for continuous improvement.
- Review the risks and risk mitigation strategies each Manager is responsible for at least twice per year.
- Provide a copy of the meeting minutes to the Executive Management Team following each following each meeting of the Committee.

- Provide a copy of the Risk Committee meeting minutes to the Audit Committee on a quarterly basis;
- Promote risk management as a critical business process and monitor and endorse new initiatives and advances in the area.
- Review the Committee's Terms of Reference on an annual basis.