RISK MANAGEMENT POLICY

Type:	Council Policy		
Owner:	Chief Executive Officer		
Responsible Officer:	Director, Corporate Services		
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1 PURPOSE

Risk is inherent in all Council's business activities, programs, services, projects, processes and decisions. Katherine Town Council is committed to the identification and management of all risks associated with the performance of Council functions and the delivery of Council services to protect its employees, the general public, assets and the environment. Risk management is an essential part of sound management practice and good corporate governance. It improves decision-making, planning and accountability to increase Council's ability to achieve its goals and objectives.

The purpose of this policy is to outline Council's commitment to a strategic, consistent and proactive enterprise-wide approach to risk management and embedding a positive risk culture throughout the organisation. In doing so, Council seeks to achieve an appropriate balance between managing threats and realising opportunities in order to maximise its ability to achieve its strategic vision and objectives, and to deliver quality services and projects for the community. The focus of this policy is strategic risk, but operational risks also need to be considered.

2 SCOPE

This Policy applies to all elected members and Council employees.

3 DEFINITIONS

Operational risk means those risks that arise in day-to-day operations, and which may require specific and detailed response and monitoring regimes. If not treated and monitored, operational risks could potentially result in major adverse consequences for the agency.

Risk means the likelihood of something happening that will have an adverse impact upon objectives, and/or harmful consequences. Risk is measured in terms of consequences and likelihood and covers threats and opportunities.

Risk appetite means the level of risk that Council is willing to accept, at any point in time, in achieving its strategic objectives, and when delivering services and projects for the community.

Risk Framework Owner (RFO) means the Director, Corporate Services.

Risk management means the set of co-ordinated activities applied in the organisation to direct and control risk.

Risk register means the centralised reporting tool used to record risk, controls, and opportunities.

Strategic risk means risks that may affect Council's ability to meet its strategic objectives and require oversight by Council executives. Elected members and the Audit and Risk Management Committee.

4 DETAILS

Risk management is an important part of Council's corporate governance and covers areas such as strategic management, internal controls, business development, project management, finance and workplace health and safety. It comprises procedures to mitigate risks and provide reasonable assurance that operations are efficient and effective, assets are safeguarded, staff have a safe workplace, legislation and council policies/rulings are complied with and financial reporting is accurate and reliable. Effective risk management is critical for Council to achieve its goals and objectives.

Council is committed to:

- Adopting a best practice risk management approach consistent with the risk management principles and framework outlined in the Australian/New Zealand Standard for Risk Management - Guidelines (AS/NZS ISO 31000:2018).
- Maintaining an effective governance system and clarity of roles and responsibilities at all levels of the organisation in relation to risk.
- Incorporating risk management into strategic, operational and financial planning processes including all new services and projects to ensure alignment with Council objectives and risk appetite.
- Developing a positive risk culture and awareness through enhanced education, training, communication and reporting of risk.
- Developing and maintaining a robust risk management process that provides a consistent and systematic way of identifying, analysing, evaluating and treating risks in line with Council's risk appetite.
- Maintaining effective risk management systems and tools including detailed risk registers which enable the organisation to effectively record, monitor and manage risks including risk assessment ratings, risk controls and treatment plans.
- Prioritising its risk so that resources are devoted to managing extreme and high risks within appropriate timeframes.
- Enabling the realisation of opportunity and innovation related risk through the risk management process.
- Monitoring and improving risk management activities and their effectiveness through a program of continuous improvement.

The Chief Executive Officer must adopt a risk management approach to identify and assess risks, apply cost/benefit analysis in the development of internal controls and is responsible for ensuring Council employees conduct their duties in accordance with internal control policies, procedures and practices of Council.

Every employee within Council is recognised as having a role in risk management from the identification of risks to implementing risk treatments and shall be invited and encouraged to participate in the process.

CATEGORIES OF RISK

Nine categories of risk have been established:

Category	Description
People and Culture	Risks associated with human resource management, organisational culture and change management. This includes non-workplace health and safety risks that impact on the ability of employees to attend work and perform their duties (i.e. industrial action etc).
Health and Safety	Risks associated with protecting the health, safety and wellbeing of employees, volunteers, contractors and others within Council's duty of care. This covers workplace health and safety risks that impact on the ability of employees to attend work and perform their duties (i.e. injury, illness, pandemic etc).
Financial Sustainability	Risks associated with the financial management of Council and its ability to fund Council services now and into the future. This covers risks related to revenue, expenditure, budget management, investments and debt management and accuracy of financial information.
Legal and Governance	Risks associated with Council either knowingly or unknowingly breaching legislation, regulations, policies or procedures. This covers risks related to fraud and corruption or being exposed to liability in relation to any matter.
Reputation	Risks associated with Council's perceived or actual reputation with the community, government, regulators, the media, Council employees, or other stakeholders. This covers risks of a political nature.
Service Delivery	Risks associated with the daily operational management of Council and its ability to deliver services to the community. This also covers risks related to the effectiveness of internal services, systems and processes, and business continuity.
Information and Technology	Risks associated with the provision of ICT infrastructure, services and systems for Council and the community. This covers risks related to the loss or theft of data and information, and cyber security.
Asset Management	Risks associated with the planning, design, construction and maintenance of Council infrastructure and assets. This covers risks related to fit for purpose considerations and the damage or loss of assets and property.
Environment	Risks associated with Council's operations that have potential or actual negative environmental, ecological or cultural heritage impacts, regardless of whether these are reversible or irreversible in nature. This also covers risks associated with the impact of climate change on Council's assets and operations.

RISK APPETITE

Council has an obligation to the community to ensure that it does not accept high levels of risk that might impact on community wellbeing, amenity or the ongoing sustainability and viability of Council. Accordingly, Council generally has a low appetite for unmitigated risks across all of its operations, assets and objectives. However, given the significant growth that the Katherine region will experience in coming years, Council may need to take some calculated risks to ensure that infrastructure and services meet the needs of its current and future communities.

Council has no tolerance for risks that may compromise the safety and welfare of staff, the community, contractors and volunteers. Similarly, Council has no appetite for risks that cause significant and irreparable damage to the environment and seeks to preserve and enhance it for future generations.

RISK REGISTER

The Risk Register documents the inherent risks associated with identified activities and applies a risk rating based on the likelihood and consequences of risks occurring. It also includes an outline of the control measures being taken to mitigate risks.

The Register is to be reviewed annually or as new risks are identified and/or new control measures are introduced.

MONITORING AND REVIEW OF RISKS

The Audit and Risk Management Committee is an independent advisory body established within Council under the section 86 of the *Local Government Act 2019*.

The Audit and Risk Management Committee plays a central role in independently reviewing Council's internal control processes and provides elected members with a level of assurance on the effectiveness of the Council's financial and corporate governance practices as well as compliance with legislative and regulatory requirements. The Audit and Risk Management Committee can assist in identifying areas where changes are required to reduce the risk of Council's exposure to fraud or unauthorised transactions.

The role of the Audit and Risk Management Committee includes:

- Monitoring the effectiveness of the audit function and the implementation of audit recommendations
- Providing an independent line of reporting by the auditor to Council
- Reviewing compliance with legislative requirements, contracts, standards and best practice guidelines
- Reviewing and recommending to Council the annual financial statement
- Monitoring changes in accounting and reporting requirements
- Reviewing policies relating to codes of conduct, conflicts of interest, misconduct, fraud and revenue.

The Risk Register will be reviewed annually by the Risk Framework Owner, in consultation with elected members, managers and staff, the Audit and Risk Management Committee and other relevant stakeholders.

5   ASSOCIATED POLICIES/DOCUMENTS

Risk Management Framework

Risk Register

Workplace Health and Safety Policy and Directives

Fraud and Corruption Control Policy Protection Plan

Audit and Risk Management Committee Charter 2020

Investment Policy

Procurement Policy

Asset Management Policy

6   REFERENCES AND RELATED LEGISLATION

Local Government Act 2019

Local Government (General) Regulations 2021

Work Health and Safety (National Uniform Legislation) Act 2011

AS/NZS ISO 31000:2018 Risk management – Principles and guidelines (ISO 31000)

Revision History

Version	Approval date	Details of change	Responsible officer
1	May 2022	Created	Director, Corporate Services

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