Southern Grampians

SHIRE COUNCIL

Risk Management Policy

Contents

Policy Name	*Southern Grampians Shire Council Risk Management Policy*		
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CEO Name	*Michael Tudball*	**Signature Date**	
CEO Signature			

As taken from AS/NZS ISO 31000:2018 Risk Management - Guidelines, Risk represents the uncertainty that accompanies everyday activities. Whilst Southern Grampians Shire Council (SGSC) accepts risk as an unavoidable element of operations, a number of strategies can be employed to mitigate, reduce and manage risk. The management of risks, in conjunction with management direction, is integral to achieving the objectives of the Council Plan.

1. Aim

The objectives of this policy are to:
- Assist Council to comply with legislative, financial, asset management, delivery of services and contractual responsibilities
- Align Council with best practice *AS/NZS ISO 31000:2018 Risk Management – Guidelines*
- Assist the Council to meet its Council Plan and Strategic Plan objectives
- Outline responsibilities in regards to risk management
- Embed and support risk management practices throughout Council
- Encourage the identification and reporting of potential risks and opportunities
- Outline Council's approach to risk management

2. Definitions

Controls – Any process, policy, device, practice, or other actions which modify risk.
Council – Southern Grampians Shire Council.
Risk – The effect of uncertainty on objectives (as per AS/NZS ISO 31000:2018 Risk Management - Guidelines). Risk is measured in terms of the likelihood of an event occurring and the consequence if it was to occur.
Risk appetite/tolerance – The organizations level of willingness to accept or tolerate risks.
Risk exposure –The potential for an organization to be exposed to risk. Risk exposure is usually calculated by multiplying the probability of an incident occurring by its potential losses**.**
Risk framework – A set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.
Risk management – The identification, assessment, and prioritisation of risks followed by coordinated and economical application of resources to minimise, monitor, and control the probability and/or impact of unfortunate events or to maximise the realization of opportunities.
Risk profile – A risk profile is an evaluation of an individual or organization's willingness to take risks**,** as well as the threats to which an organization is exposed**.** A risk profile is important for determining a proper investment asset allocation for a portfolio. Organizations use a risk profile as a way to mitigate potential risks and threats.
Risk treatments – The process to modify risk**.** It is a wide range of strategies which are used to reduce, remove, avoid, transfer or otherwise alter the risk**.**

3. Scope

The policy applies to all Council Employees, Councillors, Contractors and Volunteers of Southern Grampians Shire Council. Council recognises that successful risk management depends on input from all Council Representatives.

4. Responsibilities

Council
- Approve Risk Management Policy and monitor implementation
- Appoint and oversee Audit and Risk Committee

Audit & Risk Committee (ARC)
- Review the mechanisms in place to comply with the framework
- Monitor the effectiveness of fraud prevention policies throughout Council
- Identify and refer specific projects or investigations deemed necessary through Council's Chief Executive Officer (CEO), the Internal Auditor and Council
- Review internal controls over revenue, expenditure, assets and liability processes; and over significant areas of risk including non-financial management control systems
- Monitor the risk exposure of Council by determining if management has appropriate risk management processes and adequate management information systems
- Monitor the process of review of Council's risk profile to ensure that material risks are dealt with appropriately
- Receive status reports on a regular basis of the risk register and actions being taken to manage identified risks
- Monitor the effectiveness of Council's business continuity processes and practices
- Follow Audit and Risk Committee Charter/Terms of Reference

Executive Leadership Team (ELT)
- Accountable for ensuring appropriate risk management within Council
- Endorse the Risk Management Policy for approval by Council
- Approve the Risk Management Framework, and monitor implementation
- Provide executive leadership in the management of strategic, operational and project risk
- Monitor the risk exposure of Council by determining if management has appropriate risk management processes and adequate management information systems
- Monitor the process of review of Council's risk profile to ensure that material risks are dealt with appropriately

Organisational Development Department / Risk Team
- Lead the development, implementation and review of the Risk Management Policy, Risk Management Framework, and supporting processes and systems
- Assist with the development and maintenance of strategic risk registers and monitor implementation of controls and agreed treatment actions

- Preparing various risk management reports to the Council, ELT, and divisional leadership teams in accordance with this policy and the Risk Management Framework
- Provide risk management training, advice and support and conduct risk assessments as agreed with the ELT or Senior Management
- Liaise with the Internal Auditor and provide support to ARC as required

Managers/Service Owners
- Ownership of risk management within their department or as delegated by the CEO in accordance with this policy and the Risk Management Framework
- Encourage good risk management practices within their team
- Apply good risk management practices in their area of work including undertaking risk assessments and identifying controls to mitigate risk
- Completing an Operational Risk Register to ensure that ELT and Senior Leadership Team (SLT) are aware of risks associated with council's operations
- Monitoring and reviewing risks to ensure controls are effective

5. Policy Linkages

Risk Management Framework
Council will maintain a Risk Management Framework which details its approach to risk management and provide consistency to assess, manage and monitor risk. Framework developed is based on best practice Standards AS/NZS ISO 31000:2018 Risk Management - Guidelines. The framework will define:
- Risk management principles
- Accountability
- Risk Planning
- Integration into organisational processes
- Organisational Risk Tolerance and Risk Appetite
- Identifying and assessing, prioritising and managing risk
- Communication and reporting mechanisms
- Monitoring and review of the framework

Strategic Risk Register
Council will maintain a strategic risk register which includes both internal and external key risks to the organisation. Details can be found in the SGSC Risk Framework.

Operational Risk Register
Council will maintain an operational risk register which includes key risks faced by separate departments/services of Council. Details can be found in the SGSC Risk Framework.

Training and Development
Council's training and induction into risk management policy, processes and practices includes:
- All new employees undertake risk induction as part of corporate induction
- All employees will undertake a biennial refresher training in risk management

- All new SLT managers will have a one-on-one information session with the Risk Department to further discuss the organisational strategic risks and specific operational risks relevant to their department
- SLT will undertake biennial risk management training

6. Monitoring & Review

Item for review or monitoring	Frequency
ARC Report	Quarterly and as requested
ELT Report	Quarterly and as requested
SLT Report	As required
Risk Policy Review	Every three years or as required based on amendments to legislation
Risk Framework Review	Biennial or as required based on amendments to legislation
Risk Procedures	Annually or as required based on amendments to legislation
Audit Schedule	Annually or as required based on amendments to legislation

7. Legislation and Reference Documents

- Local Government Act 1989
- AS/NZS ISO 31000:2018 Risk Management – Guidelines
- Victorian Government Risk Management Framework – Dept. of Treasury & Finance
- SGSC Risk Management Framework
- SGSC Strategic Risk Register
- SGSC Business Continuity Policy
- SGSC Audit and Risk Committee Charter
- SGSC Training/Development Strategy/Plan
- SGSC Council Plan

8. Version History

Version	Date	Comments
1	May 1999	Policy came into operation on 1st May 1999
2	April 2006	
2.1	July 2009	*Officer or document titles only*
3	July 2013	
3.1	June 2018	Addition of updated
4	31/05/2019	Full review of Policy and Framework commenced November 2018