

ENTERPRISE RISK MANAGEMENT

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Responsible Position Manager Governance and Risk

Branch Governance and Risk

Division Corporate Services

Version 2.0

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Review Date September 2019

Consultation Staff of the former Dubbo City and Wellington councils have cooperated to undertake this review and develop this policy

Document Revision History	
Description	Date
Adopted by former Dubbo City Council	June 2015
Review facilitated by Echelon following merger of former Dubbo City and Wellington councils	December 2016
Review considered by Executive Leadership Team	August 2017
Adopted by Council	
Notes	

POLICY

PURPOSE

The effective implementation of this policy will ensure that the management of risk is seen as good business sense and provide a way to confidently know which risks to take for the benefit of a greater opportunity, which risks to avoid in order to prevent significant impact on the organisation and managing the outcomes for success in order to achieve the organisation's key objectives.

BACKGROUND AND RELATED LEGISLATION

Risks exist in all aspects of Council's undertakings. AS/NZS ISO 31000:2009 defines risk as the 'effect of uncertainty on objectives'. An effect is a deviation from the expected, whether it be a negative or positive (realising opportunities) deviation.

It is essential that risks are managed to ensure that Council achieves its objectives; and in turn be recognised for the excellence of its services and for the strength of its partnerships with the community, customers, employees and stakeholders. Enterprise Risk Management plays a key role in ensuring that Council achieves that objective.

SCOPE

This policy applies throughout the organisation to be followed by staff, consultants and contractors.

POLICY

Council is committed to taking a structured and innovative approach to the management of risk throughout the organisation in order to promote and demonstrate good corporate governance, to minimise loss and maximise opportunities to improve service provision.

The Enterprise Risk Management approach utilised by Council in the development of the Enterprise Risk Management Plan is AS/NZS ISO 31000:2009 together with the requirements of the NSW Work Health and Safety Act, 2011, and will be incorporated into the Planning, Governance, Asset Management, and Operational Processes of Council.

POLICY OBJECTIVES

1. To provide direction and commitment to Enterprise Risk Management principles as part of Council's management planning, decision making and the undertaking of operational activities.
2. To effectively integrate the management of risk into Council's high level management planning activities to ensure the achievement of its strategic objectives as outlined in the Community Strategic Plan and associated documents. The Enterprise Risk Management (ERM) Framework (incorporated into the Enterprise Risk Management Plan) includes ERM being integrated with Council's Integrated Planning and Reporting Structure.
3. To apply and incorporate the Enterprise Risk Management Framework into Council's operational activities and business planning processes.

4. To promote an environment of risk awareness and willingness to manage risk at all levels of the organisation.
5. To provide opportunities that encourages continuous improvement of the ERM Program and at all levels of the organisation.
6. To ensure, through the application of this Policy:
 - a) That the Council, General Manager and the Executive Staff are in a position to confidently make informed strategic, project and operational decisions based on Enterprise Risk Management Principles;
 - b) That the requirements of the Office of Local Government's Promoting Better Practice, in relation to the management of risk, are satisfied;
 - c) That all reasonably foreseeable risks are systematically identified, assessed, analysed, prioritised and considered for appropriate treatment with all information documented in Council's electronic risk system;
 - d) The correct assigning of ownership of risks through appropriate delegation of risk management responsibilities to all Council officers across all functional areas of Council;
 - e) That all relevant legislation is complied with and relevant risk management standards (currently AS/NZS ISO 31000:2009) are used to provide guidance in best risk management practices;
 - f) The effective management and allocation of resources through more targeted and effective controls;
 - g) Improved protection of the community, Council's employees and volunteers, Council's assets and Council's financial integrity and sustainability;
 - h) The effective communication of this policy through the development of an Enterprise Risk Management Communication and Reporting Framework.

RESPONSIBILITIES

The Council, General Manager, Directors, Managers, Supervisors and Employees, Contractors and Consultants are to be familiar with, and competent in, the application of the Enterprise Risk Management Policy, and are respectively accountable for the delivery of the Policy within their areas of influence and responsibility. These are outlined in Council's Enterprise Risk Management Plan.

ROLE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

1. Monitor the implementation of Council's Enterprise Risk Management Plan and make recommendations for the continuous improvement of the Plan.
2. Ongoing review of Council's strategic and significant operational risks to ensure appropriate risk treatment/controls have been implemented and maintain effectiveness.
3. Make recommendations to Council, and provide advice on issues related to Council's Enterprise Risk Management Program's implementation, compliance and performance.

ENTERPRISE RISK MANAGEMENT PLAN

Council's Enterprise Risk Management Plan is the document that articulates how the intent of the ERM Policy (this policy) is to be communicated and implemented throughout the organisation. It provides clear guidance and the associated processes, procedures and standards that are to be observed.

Effective communication is critical to the successful implementation of the policy. Council is to develop and implement a Communication Strategy that will ensure the policy and its intent is known, clearly understood and applied by all staff within the organisation.

Similarly, a Reporting Strategy will provide effective channels for information, decision making and instructions to be relayed efficiently and effectively in order to successfully manage any potential risk that may impact on Council's achievement of objectives. Council personnel will follow these protocols.

Council is committed to the proactive approach to risk management, to continually review its effectiveness and to be flexible enough to adapt to the changing needs of the organisation. A performance review of the effective implementation of the ERM Plan and activities will be conducted by the Audit, Risk and Improvement Committee. This review will serve to further enhance Council's performance that will see Council as a proactive and resilient leader by the community.

RISK TOLERANCE/APPETITE

How much risk council is willing to accept will vary with each circumstance? Staff must be aware that there are risks Council will NOT be prepared to accept and as such, it is important to identify these and follow appropriate protocol.

Risk levels that are NOT ACCEPTABLE by Council are those risks where:

- Any reasonably preventable accident/incident resulting in the loss of life or serious injury
- Any reasonably preventable incident that will threaten the provision of critical services and the well-being of the community.
- Any reasonably preventable activity that will cause extensive endangerment or will cause long term or permanent damage to the Environment.
- Any reasonably preventable activity that will disrupt normal business activities and/or cause major damage to reputation.
- Any reasonable activity that will cause Council significant financial loss.

RECORD REQUIREMENTS

All documents associated with the risk management system and procedures will be kept in the appropriate Dubbo Regional Council electronic records management system.

All Dubbo Regional Council workers are responsible for the formal retention of any risk management documents.

CONFLICTS OF INTEREST

It is all employees' responsibility to ensure that there are no conflict of interest situations existing in undertaking their respective Council role. All conflicts of interest will be managed in accordance with Council's Code of Conduct Policy and procedures.