Enterprise Risk Management Policy

Policy Type	Council Policy	Version:	3
Responsible Officer	Manager Development and Governance	Date Approved:	19/06/2024
Review Officer:	Director Corporate and Community Services	Review Due:	19/05/2026
Author:	Manager Development and Governance	Commencement:	19/06/2024

1. SCOPE

This Policy applies to all elected representatives, officers, employees, contractors and volunteers of the Mareeba Shire Council as well as committee members; and to all Council activities, including entities which Council has direct ownership, management, sponsorship or financial control.

2. PURPOSE

The purpose of this Policy is to communicate Council's commitment to the development and maintenance of an Enterprise Risk Management Framework and Risk Management Process in accordance with AS/NZS ISO 31000:2018.

3. RELATED DOCUMENTS AND REFERENCES

- *Audit Committee Policy* (MSC)
- *Audit Committee Terms of Reference* (MSC)
- *Enterprise Risk Management Framework* (MSC)
- *Enterprise Risk Management Process* (MSC)
- *Fraud and Corruption Control Policy* (MSC)
- *Local Government Act 2009* (Qld)
- *Local Government Regulation 2012* (Qld)

4. DEFINITIONS

Risk
A risk to the business is any action or event that has the potential to impact on the achievement of business objectives. Risk also arises as much from the possibility that opportunities will not be realised as it does from the possibility that threats will materialise or that errors will be made.

Risk Management Framework (RMF)
A set of components that provide the foundation and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.

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

Risk Management Process
The systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

5.   POLICY STATEMENT

This policy aims to ensure that a consistent approach is taken across the organisation in the identification, assessment and management of risks and that risk management is a normal part of the decision making process at all levels and in all sections of Council.

6.   POLICY OBJECTIVES

The objectives of this policy and associated documents is to:
- Align Council's risk management activities with Councils objectives as identified in, Council's corporate and operational plans (ERM Framework);
- Promote risk management principles as a strategic tool to ensure better informed decision making throughout Council (ERM Framework);
- Embed a culture of risk management across the Council (ERM Policy & Framework);
- Minimise or eliminate adverse impacts from Council's services or infrastructure on the community, visitors and the environment (ERM Policy, Process, & Framework);
- Capitalise on opportunities identified for Mareeba Shire Council (ERM Framework);
- Safeguard Council's employees, contractors, committees, volunteers, assets, financial sustainability, property, reputation and information (ERM Policy, Process, & Framework); and
- Maintain and improve the safety, reliability and quality of service provided by Mareeba Shire Council, within Council's controls and capabilities (ERM Policy, Process, & Framework);

7.   POLICY STATEMENTS

7.1   RISK APPETITE

As a public authority the Council has a relatively conservative appetite for risk.

Council has <u>some appetite</u> for risks that involve:
(a) Improving efficiency, reducing costs and/or generating additional sources of income
(b) Maintaining and where necessary improving levels of service to the community

Council has <u>no appetite</u> for risks that:
(a) Have a significant negative impact on Council's long term financial sustainability
(b) Result in major breaches of legislative requirements and/or significant successful legal claims against the Council
(c) Compromise the safety and welfare of staff, contractors and/or members of the community
(d) Cause significant and irreparable damage to the environment
(e) Result in major disruption to the delivery of key Council services
(f) Result in widespread and sustained damage to the Council's reputation
(g) Result in significant loss of key assets and infrastructure.

7.2   SOURCES OF RISK

Council manages seven (7) interrelated risk categories and accepts a moderate level of risk in the delivery of Councils key strategic priorities (objectives) of Community, Environment, Economy and Governance. The 7 risk categories are; Health & Safety, Environmental, Financial, Service Delivery & IT, Infrastructure & Assets, Legal & Regulatory, Political & Reputational.

Low and moderate risks will be managed by the Councillors, the Senior Management Team and staff as part of daily operations.

Significant and extreme risks identified and managed by the Responsible Officer will subsequently be monitored and reviewed by the EMT and the Audit committee.

7.3   RISK MANAGEMENT PRINCIPLES

Management and employees must assume responsibility for ERM facilitated by the following guiding principles:

a) **Integrated -** risk management is integral part of all organisational activities;

b) **Structured and comprehensive -** a structured and comprehensive approach to risk management contributes to consistent and comparable results;

c) **Customised -** the risk management framework and process are customised and proportionate to the organisation's external and internal context related to its objectives;

d) **Inclusive -** Appropriate and timely involvement of the stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management;

e) **Dynamic -** Risk can emerge, change disappear as an organisation's external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner;

f) **Best available information -** The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders;

g) **Human and cultural factors -** Human behaviour and culture significantly influences all aspects of risk management at each level and stage; and

h) **Continual improvement -** Risk management is continually improved through learning and experience.

8.   RESPONSIBILITIES & REVIEW

It is the responsibility of the Manager Development and Governance to monitor the adequacy of this policy and the associated Enterprise Risk Management Framework and Enterprise Risk Management Process and recommend any improvements and amendments.

This policy will be formally reviewed every four (4) years by Councils Senior Management Team or as required by Council or the Audit Committee. This Policy will also be reviewed when any of the following evaluations occur:

1. Audit reports relating to risk management activities being undertaken by Council indicate that a policy review from a legislative, compliance or governance perspective is justified.

2. Relevant legislation, regulations, standards and policies are amended or replaced.

3. Other circumstances as determined from time to time by the Chief Executive officer or through a resolution of Council.

4. Corporate Plan is amended/updated.