Risk Management Strategy

2024

Liverpool
Plains
Shire Council

INFORMATION ABOUT THIS DOCUMENT

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Version 1	May 2024	Draft for Executive Review and Council consideration.
Version 2		

Further Document Information and Relationships	
Related Legislation*	*Local Government Act 1993* *Local Government (General) Regulation 2021*
Related Policies	Code of Conduct Risk Appetite Statement Risk Management Framework Legislative Compliance Policy
Related Documents	Risk Management Guidelines (AS ISO 31000:2018) OLG Guidelines for Risk Management and Internal Audit for Local Government in NSW - 2022 WHS Planning and Reporting Procedure Audit and Risk Committee Charter

Note: Any reference to Legislation will be updated in the Policy as required. See website http://www.legislation.nsw.gov.au/ for current Acts, Regulations and Environmental Planning Instruments.

Contents

Introduction

Councils in NSW perform a wide variety of services, including but not limited to Infrastructure, Community, Development, Environmental, Economic and Corporate Services, for the local community. Liverpool Plains Shire Council "Council" recognises that risk is inherent in carrying out all its operations in providing these services as we strive to meet our strategic goals for the community.

Without an effective risk management framework and system that is robust enough to identify and appropriately manage risks, Council will:

1. be exposed to inconsistency in how we manage risk across our operations which will increase our vulnerability in uncertain situations,
2. not be well equipped to take advantage of opportunities as they arise,
3. unlikely to be resilient in the face of change or adversity, and
4. lack a true understanding of the organisations risk appetite and current risk position.

Council will therefore seek to ensure that risk management is a key consideration in all business practices and decision-making processes. It is essential that is clear that risk management does not only involve managing the adverse effects of risk, it also means realising potential and beneficial opportunities for both Council and the wider community.

Objectives

It is critical to recognise that undertaking Council's operations without risk is not possible. A key goal of this framework is to managing risk in manner that is acceptable to Council.

By implementing a proactive, integrated, and consistent approach to risk management, Council aims to achieve the following objectives:

1. An organisation that puts safety first,
2. An organisation that understands its risk appetite,
3. A consistent approach to the identification, assessment, and treatment of risks,
4. A culture of consistent, informed, evidence-based decision making,
5. Staff accountability for risk identification and treatment,
6. Improved communication on matters of risk to enhance decision making
7. Proactive and flexible management practices to achieve Council's strategic objectives,
8. Improved allocation and use of resources for risk treatment,
9. Improved recognition of opportunities and threats,
10. Organisational resilience and continuity of service,
11. Continuous Improvement and improved operational effectiveness,
12. Improved corporate governance and corporate performance,
13. Improved community relations and trust by providing assurance that risks are appropriately managed,
14. Reduced liability exposure and financial loss and safeguarding of Council's people, financial position, assets, and reputation,
15. Enhance Councils Audit, Risk, and Improvement function.

Definitions

(based on Risk Management Standard)
- Risk Management Standard - AS ISO 31000:2018 Risk Management Guidelines.
- Risk – The effect of uncertainty on objectives.

- Enterprise risks – Objectives can be applied at difference levels. Enterprise risks are risks that potentially impact on the ability to achieve Council's strategic or high level objectives, or enterprise wide objectives (sometimes called strategic risks)
- Operational risks – Risks that potentially impact on the day-to-day operations of Council, in terms of service delivery and business functions.
- Control – A Measure that maintains and/or modifies risk.
- Risk Management – Coordinated activities to direct and control Council with regard to risk.
- Risk management framework – The set of components that provide the foundations for risk management throughout Council, including policies, procedures, business rules and risk management tools.

## Defined risk management roles and responsibilities

This is critical to ensure all staff manage risks relevant to their area of operation and accept accountability for their decisions. All Council staff are responsible to ensure they take an active role in the management of risks relative to their operational area in accordance with this Framework. The risk management responsibilities across the organisation are outlined in the table below.

Role	Responsibility
Council (elected body)	- Council is responsible for setting the organisational risk appetite and recognising the need for risk management resources to support the objectives of this framework. - Council will consider risk management issues raised in reports to Council, including reports from Councils ARIC committee, and make informed decisions based on the associated risk and related opportunities.
Executive Leadership Team	- Councils Executive Leadership Team are responsible for embedding good risk management practices in their operational areas and promoting good risk management practices across the entire organisation. - Councils Executive Leadership Team are responsible for ensuring they are allocating appropriate resources to implement and maintain the risk management system for their operational areas. - Councils Executive Leadership Team are responsible for promoting a positive risk management culture across the organisation.
Coordinator Governance and Risk	- The risk management staff are responsible for working with operational areas to develop and maintain risk management guidelines, procedures, and tools for the organisation. - The risk management staff are responsible for training and supporting risk management across the organisation. - The risk management staff are responsible for facilitating the development and review of Councils risk registers. - The risk management staff are responsible for regular reporting the General Manager and Executive Leadership Team for risk related matters.
Audit, Risk and Improvement Committee (ARIC)	- Provide oversight to risk management policies, controls and processes

Staff	• All employees and workers are to identify and manage risks in their operational areas in accordance with Council's Risk Management Framework and report risk related incidents in a timely manner.

The Risk Framework

The diagram below shows the overarching Risk Framework that Council has adopted.
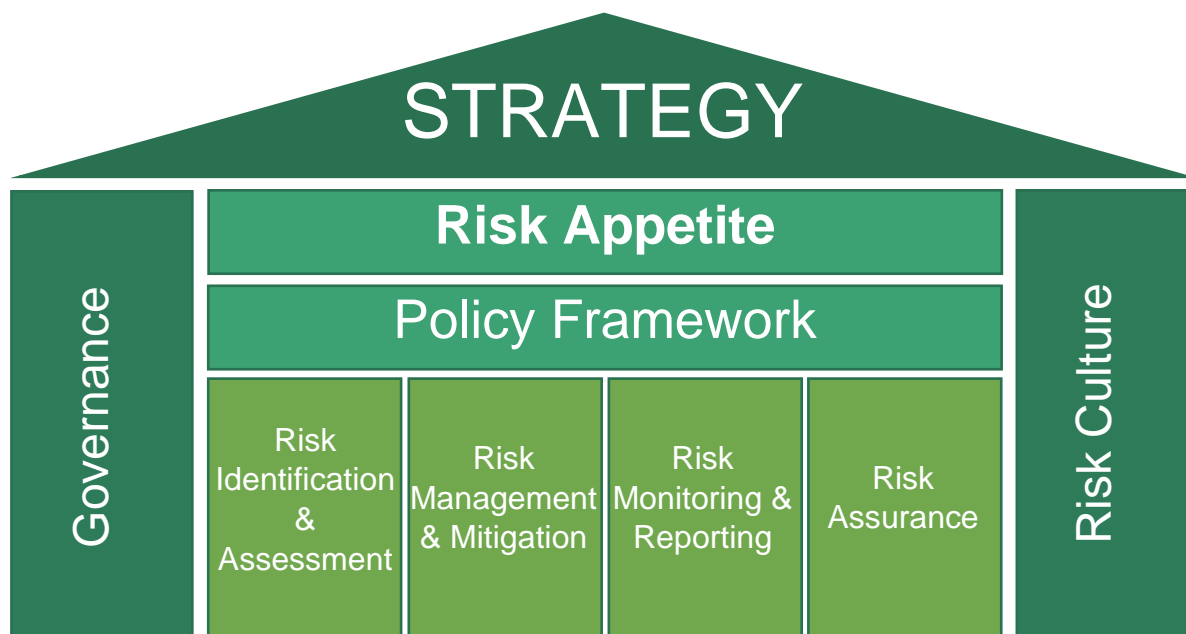
The elements shown in this diagram are supported by:

Council's Risk Management Strategy *(this document)*

Risk Appetite Statement.
The Policy is an important step in the Risk Management Strategy and Framework Development as this will set Council's commitment to embedding effective risk management into all activities.

Risk Management Framework.
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Risk Identification, Assessment and Management Process
Operational Risk Assessments will be an annual process in managing and mitigating risk in Council's operations. Risks will be recorded and monitored in a Risk Register. This register will enable all areas of Council to analyse risk, monitor controls and prioritise treatment options.

Risk Monitoring, Reporting and Assurance
Following the Risk Assessment Process, Council will monitor and report on the results. Reports will be developed in conjunction with Council's Executive Team and reported to ARIC.

Risk Culture
Training and process improvements to standardise the monitoring and reporting of risk will be rolled out across Council. The training will work towards building a "Positive" risk culture.

Governance

The Risk Management Governance framework will come in two (2) parts, Oversight by Council's ARIC and the Attestation each year by Council's General Manager in the Annual Report.

If there are any amendments to this policy, all other policies and plans must be reviewed in order to ensure they are still aligned.

Annual attestation

Commencing with the 2024-2025 annual report, Council's General Manager will be required under the Local Government Regulation to publish an attestation statement each year in the council's annual report indicating whether, during the preceding financial year, the council's audit, risk and improvement committee, risk management framework and internal audit function complied with these Guidelines.

Internal Audit

In accordance with this policy and the Internal Audit Guidelines, (as released by the Chief Executive Officer of the Division of Local Government, Department of Premier and Cabinet under section 23A of the Local Government Act), Council will form and maintain an Internal Audit Committee with an appropriate charter to assist in Council's management of risks and strengthen its framework. The charter of the committee will be in accordance with the Internal Audit Guidelines.

Council will engage appropriate resources, with regard to capability, cost, and the overall context of risk management to carry out an internal audit function as and when required in accordance with the recommendations of the Audit Committee or management based on the risk management framework.