OBERON COUNCIL	**POLICY 1113** **ENTERPRISE RISK MANAGEMENT POLICY**

1. Intent of Policy

This policy will:

- Articulate the Enterprise Risk Management principles for Oberon Council, to be integrated into all areas of operations and decision making;
- Promote an atmosphere of risk awareness and willingness to manage risk at all levels of the organisation;
- Provide opportunities for continuously improving performance at all levels of the organisation; and
- Ensure that risk management is enshrined in the organisation culture in every area of activity so that risks are identified at each level of the organisation and significant risks are appropriately recorded in the relevant risk register and are visible to the General Manager or appropriate Director.

This policy is supported by Council's Enterprise Risk Management Plan.

2. Scope of Policy

Oberon Council recognises that risk management is an essential element of good management and impacts every facet of Council activity.

This policy applies to:

- All decisions and areas of Council's operations
- All Councillors and staff, including contractors and volunteers.

3. Policy Statement

Oberon Council is committed to a structured and systematic approach to risk management throughout the organisation to promote good corporate governance, to reduce uncertainty and to improve service provision.

Oberon Council will identify risks at a corporate and operational level and report regularly on the risk status via the risk register.

Council will foster a culture of risk management across all its operations. This will include the use of risk assessments as part of most operational decisions.

All Oberon Council staff are responsible for managing risk associated with the activities and functions under their control. Risk management processes will be integrated with normal planning processes and management activities.

4. Background

Risks exist in all aspects of Council's undertakings. AS ISO 31000:2018 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.

The outcome of effective implementation of this policy is that risk management is seen as good business sense and provides a way to understand the risk and benefits of any project, objective or opportunity and even business as usual. A key element of this process is understanding how to effectively mitigate risks to within limits defined by risk appetite.

Council's Risk Appetite is:
  a) The level of risk that the Council is prepared to take to achieve its strategic objectives;
  b) The risks that it is prepared to endure in response to a decision not to implement risk treatments;
  c) The acceptance of the residual risk following the implementation of risk treatments.

Council generally has a conservative risk appetite and accepts there are risks associated with many of Council's activities. Where there is a positive impact, Council is usually willing to accept a higher level of risk to achieve its strategic objectives, however all risk scenarios will be analysed and evaluated on a case by case basis.

Council desirably should eliminate risk so far as is reasonably practicable, and if it is not reasonably practicable to do so, to minimise those risks so far as is reasonably practicable.

Risk management involves the four steps:

  a) identify risk – find out what could cause harm
  b) assess risks if necessary – understand the nature of the harm that could be caused by the risk, how serious the harm could be and the likelihood of it happening
  c) control risks – implement the most effective Risk Control in the circumstances, and
  d) review control measures to ensure they are working as planned.

Risk control means taking action to eliminate risk so far as is reasonably practicable, and if that is not possible, minimising the risks so far as is reasonably practicable.

Deciding what is 'reasonably practicable' requires taking into account and weighing up all relevant matters including:
  i. the likelihood/probability of the risk concerned occurring
  ii. the degree of harm that might result from the risk ("the consequence/impact")
  iii. knowledge about the risk, and ways of eliminating or minimising the risk
  iv. the availability and suitability of ways to eliminate or minimise the risk, and
  v. after assessing the extent of the risk and the available ways of eliminating or minimising the risk, the cost associated with available ways of eliminating or minimising the risk, including whether the cost is grossly disproportionate to the risk.

Many risks are well known and have well established and accepted control measures. In these situations, the second step to formally assess the risk [b) above] is unnecessary. If, after identifying a risk, Council already know the risk and how to control it effectively, Council will record the controls.

Council needs to evaluate any potential negative impact risks on the expected outcome of an objective taking account of a) to c) above. Council in considering a potential risk after undertaking a) to c) above will need to quantify the remaining residual risk and whether this residual risk is manageable within Council existing resources, without placing undue financial or other stress on the Council organisation.

5. Objectives
The following objectives apply to this ERM:
A. To provide direction and commitment to Enterprise Risk Management (ERM) principles as part of Council's management planning, decision making and operational activities.

B. To effectively integrate risk management into Council's high level management planning activities to achieve our strategic objectives in the Oberon Community Strategic Plan.

C. To apply and incorporate the ERM Framework into Council's operational activities and business planning processes.

D. To promote risk awareness and a willingness to manage risk at all levels of the organisation.

E. To provide opportunities that encourages employees and Councillors to drive continuous improvement of the ERM Framework.

F. To ensure, through the application of this Policy:
    i.   That the Council, General Manager and the Executive Management Team (EMT) are in a position to confidently make informed strategic, project and operational decisions knowing that risks have been identified, analysed, evaluated and treated;
    ii. That the requirements of the Office of Local Government's New Risk Management and Internal Audit Framework are satisfied;
    iii. That all reasonably foreseeable risks are systematically identified, assessed, analysed, prioritised and considered for a treatment with all information documented in Council's Risk Register ;
    iv. Assigning ownership and responsibility for those risks to appropriate Council Officers across all functional areas of Council;
    v.   That all relevant legislation is complied with and relevant risk management standards (currently AS ISO 31000:2018) are used to provide guidance in best risk management practices;
    vi. Improved protection of the community as well as Council's people and Council's financial integrity and sustainability;
    vii. The effective communication of this policy to all Council staff.

6. Accountability, Roles and 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 ERM, and are respectively accountable for the delivery of this Policy and Plan within their areas of influence and responsibility. These are outlined in Council's ERM Plan.

7. Enterprise Risk Management Plan
Council's ERM Plan outlines a process of continuous improvement that is to be embedded in all the practices and processes of Council. Sound risk management practices promote communication between all stakeholders, improved information flow and enhances the decision making process.

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 this policy. Council will ensure this policy and its intent is known, clearly understood and applied by all staff within the organisation.

Council is committed to a proactive approach to risk management, to continually reviewing its effectiveness and to be flexible enough to adapt to the changing needs of the organisation.

8. Related Documents
- AS/ISO 31000 Risk Management – Guideline
- SA/SNZ HB 436:2013 Risk management guidelines – Companion to AS/NZS ISO 31000:2018
  SA SNZ HB 89 - 2013 Risk management - Guidelines on risk assessment techniques
- Workplace Health and Safety Act 2011
- Workplace Health and Safety Regulations 2017
- Local Government Act 1993 (NSW)
- Workplace Health and Safety Oberon Council Policy 2110
- Contractor Management Oberon Council Policy 1205

9. Review
This policy will be reviewed at least every two (2) years, or when significant changes are required.

Approving Authority	Oberon Council
Contact	General Manager
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