

Policy - Operational – Risk Management

Date amended:	July 2020
Date of next review:	July 2024
Adopted by:	Risk Management Committee
Date adopted:	30.09.2020
Responsible officer:	Manager Governance Risk & Compliance

1 PURPOSE

The Pyrenees Shire Council Risk Management Policy:

- articulates its continual commitment to effective risk management,
- outlines its objectives around the management of its risks,
- recognises risk management as an integral part of good management practice and decision-making, and
- supports its staff members in creating and protecting value within the organisation.

The policy is enacted through the Risk Management Framework and the corporate risk management program.

Council’s objective is to create and maintain a risk management environment that:

- enables Council to deliver high quality services to its communities in accordance with its strategic objectives outlined in the Community Vision and Council Plan,
- safeguards Council’s assets – people, financial, property and information,
- supports Council’s approach to meeting legislative and other regulatory requirements, and
- creates an environment where risk management is integrated into core business activities and decision-making, and all staff members assume responsibility for risk management.

2 SCOPE

Council’s risk management framework is based around *AS/NZS ISO 31000:2018 Risk Management – Guidelines*.

Managing risk is part of all activities associated with Council and considers the external and internal factors and influences that make it uncertain whether it will achieve its strategic objectives.

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This Policy applies to all persons undertaking activities on behalf of Council including Councillors, Council staff, contractors, contracted staff, and volunteers.

Council will make the necessary resources available to ensure that risks are effectively identified, managed, and reported.

3 RISK MANAGEMENT PRINCIPLES

Risk management at the Pyrenees Shire Council is based on the following principles:

- a) Integrated – risk management is an 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 Council’s external and internal context related to its strategic objectives.
- d) Inclusive – appropriate and timely involvement of stakeholders enables their knowledge, views, and perceptions to be considered. This results in improved awareness and informed risk management.
- e) Dynamic – risks can emerge, change, or disappear as Council’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 considers 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 influence all aspects of risk management at each level and stage.
- h) Continual improvement – risk management is continually improved through learning and experience.

4 POLICY

It is the policy of the Pyrenees Shire council that all business units will implement its Risk Management Framework as an integral part of its management and decision-making practice.

The Risk Management Framework provides a process for the identification, analysis, and control / management of both negative and positive impacts on meeting its strategic objectives and protecting its key assets.

4.1 Risk appetite

Risk appetite is the amount of risk exposure or potential adverse impact from an event that the Pyrenees Shire Council is willing to accept in pursuit of its objectives. Once the risk appetite threshold has been breached, risk management controls and actions are required to bring the exposure level back within the accepted range.

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The risk appetite thresholds for key strategic categories of risk are reviewed annually by the Council. General risk appetite tolerances for assessed risk ratings require the following action:

Risk Rating	Minimum treatment required	Description
Extreme	Reject, avoid, or mitigate	Immediate action required in consultation with a director to either avoid the risk entirely or to reduce the risk to a low, medium, or high rating.
High	Accept and mitigate	These risks need to be mitigated with actions as required and managers need to be assigned these risks.
Medium	Accept	Manage by specific monitoring or response procedures.
Low	Accept	Manage by routine procedures.

4.2 Risk Management Framework composition

The overarching risk management framework at the Pyrenees Shire Council incorporates the following disciplines, frameworks, or areas of activity:

- Enterprise risk management – strategic and operational
- Health, Safety & Wellbeing (OHS)
- Business continuity management
- Fraud & corruption prevention
- Emergency management
- Compliance

Management expectations for each of the above disciplines are documented within individual frameworks comprising of appropriate plans, policy, and procedures.

4.3 Roles and responsibilities

The following are responsible for:

Council	<ul style="list-style-type: none"> Approval and commitment to the risk management policy and supporting framework, Setting its risk appetite, and Identifying and monitoring its strategic risks.
Audit & Risk Committee	<ul style="list-style-type: none"> Approval and monitoring of Council's risk management framework and activities to implement that framework, in accordance with its Charter, Oversight of Council's internal audit program to ensure that risks are appropriately identified and managed, and

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	<ul style="list-style-type: none"> • Making recommendations for improvement as considered appropriate.
Risk Management Committee	<ul style="list-style-type: none"> • Approval and monitoring of Council’s risk management framework and activities to implement that framework, • Management of key risks arising within the organisation, and • Provision of advice and recommendations for action to mitigate risk as considered appropriate.
OHS Committee	<ul style="list-style-type: none"> • Approval and monitoring of Council’s Health, Safety & Wellbeing strategy and framework, and activities to implement that framework, • Provision of advice and recommendations for action to mitigate OHS risk as considered appropriate, and • Forum for ongoing development and communication for Health & Safety Representatives throughout the organisation.
Executive Leadership Team	<ul style="list-style-type: none"> • ensuring that appropriate resources, systems, and processes are in place to implement the risk management framework across the organisation, and • ensuring key Council risks are identified and being managed effectively.
Senior Leadership Team	<ul style="list-style-type: none"> • Implementing the risk management framework into operational activities, • Ensuring that risks within their areas of responsibility are identified, documented (within risk registers), and managed appropriately, and • Integrating risk management processes into everyday activities.
Risk management team	<ul style="list-style-type: none"> • Developing and promoting the risk management framework, • Developing and delivering risk management training in accordance with the risk management framework, • Support to the organisation with the implementation of key controls – e.g. insurance program, • Supporting and guiding management and staff on the development and management of risk registers, • Provision of risk management advice where required, and • Reporting on risk management activities, emerging risks and trends to management and Council.
All staff	<ul style="list-style-type: none"> • Developing an understanding of and becoming competent in the implement of risk management practices in their work areas, • To take reasonable care for their own safety and the safety of others, • Maintain physical security of all property, equipment and buildings within their jurisdiction and control, • Actively reduce Council’s exposure to losses related to security, public liability, and professional indemnity, and

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	<ul style="list-style-type: none"> Identifying and reporting emerging risks, hazards, and incidents to management.
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5 DEFINITIONS

Risk	<p>Effect of uncertainty on objectives.</p> <p>An effect is a deviation from the expected. It can be positive, negative or both, and can address, create, or result in opportunities and threats.</p> <p>Objectives can have different aspects and categories and can be applied at different levels.</p>
Risk management	Coordinated activities to direct and control and organisation with regard to risk.
Stakeholder	Person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity.

6 REFERENCE & RELATED DOCUMENTS

6.1 Legislation and Standards

6.2 Council documents

- Risk Management Strategy & Framework
- Project Risk Management Guidelines
- How to conduct a risk assessment guideline
- Developing and maintaining a risk register guideline
- Business Continuity Management Policy
- Fraud & Corruption Control Policy & supporting procedures
- Health, Safety & Wellbeing Policy & Strategy
- Critical Incident Management Plan
- Municipal Emergency Management Plan
- Compliance Policy

6.3 Consultation and impact

Pyrenees Shire Council is committed to consultation and cooperation between management and its employees. Council will involve elected employee health and safety representatives in any workplace change that may affect the health, safety or wellbeing of any of its employees.

Development of this Policy was conducted in consultation with relevant staff and consultative committees prior to approval. It is considered that this Policy does not impact negatively on the rights identified in the Charter of Human Rights and Responsibilities (2007).

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7 VERSION HISTORY

Version Number	Issue date	Description of change
1.0	April 2016	Initial release
2.0	Septbmer 2020	Full review

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